

# CHAPMAN AND CUTLER

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November 18, 1991

*1-325AD17*

VIA FEDERAL EXPRESS

**17592**

*DB 3-2*

REGISTRATION NO. \_\_\_\_\_ FILED 1423

Interstate Commerce Commission  
Washington, D.C.

NOV 19 1991 4:00 PM

*17592*

INTERSTATE COMMERCE COMMISSION

**175927592**  
REGISTRATION NO. \_\_\_\_\_ FILED 1423

Re: Leveraged Lease Financing  
300 Coal Hopper Rail Cars

NOV 19 1991 4:00 PM

Gentlemen:

INTERSTATE COMMERCE COMMISSION

Enclosed for recordation under the provisions of 49 USC 11303(a) are the original and three counterparts of an Equipment Lease dated as of November 1, 1991 (the "Lease") and a Security Agreement-Trust Deed dated as of November 1, 1991 (the "Security Agreement"). Said Equipment Lease and Security Agreement-Trust Deed are each primary documents.

A general description of the railroad equipment covered by each of the enclosed documents is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessee under Lease: Virginia Electric and Power Company  
One James River Plaza  
Richmond, Virginia 23161  
Attention: Manager, Transportation Department

Lessor under Lease and Security Agreement: Security Pacific Equipment Leasing, Inc.  
Four Embarcadero Center  
12th Floor  
San Francisco, California 94111  
Attention: Operations Department-LEV

Security Trustee under Security Agreement: State Street Bank and Trust Company  
of Connecticut, National Association  
750 Main Street  
Hartford, Connecticut 06103  
Attention: Corporate Trust Division

*Counters - CT*

CHAPMAN AND CUTLER

November 18, 1991

Page 2

The undersigned has acted as special counsel in connection with the preparation of the enclosed documents and has knowledge of the matters set forth therein.

Please return the original and two copies of each enclosed document to Ross D. Taylor, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$32.00 covering the required recording fee.

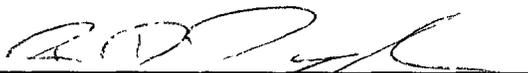
A short summary of each of the enclosed primary documents to appear in the Index follows:

Equipment Lease between Security Pacific Equipment Leasing, Inc., as Lessor, Four Embarcadero Center, 12th Floor, San Francisco, California 94111 and Virginia Electric and Power Company, One James River Plaza, Richmond, Virginia 23261, covering 300 coal hopper cars.

Security Agreement-Trust Deed between Security Pacific Equipment Leasing, Inc. as Lessor, Four Embarcadero Center, 12th Floor, San Francisco, California 94111 and State Street Bank and Trust Company of Connecticut, National Association, as Security Trustee, 750 Main Street, Hartford, Connecticut 06103 covering 300 coal hopper cars.

Very truly yours,

CHAPMAN AND CUTLER

By   
Ross D. Taylor

RDT:srw  
Enclosures

RECORDATION NO. 17592 - A  
FILED 102

NOV 19 1991 - 4<sup>00</sup> PM

INTERSTATE COMMERCE COMMISSION

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SECURITY AGREEMENT-TRUST DEED

Dated as of November 1, 1991

From

SECURITY PACIFIC EQUIPMENT LEASING, INC.,

Lessor

To

STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT,  
NATIONAL ASSOCIATION

Security Trustee

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(300 Coal Hopper Cars)

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**ATTACHMENTS TO SECURITY AGREEMENT-TRUST DEED:**

- Schedule 1 — Amortization Schedule - Notes
- Schedule 2 — Description of Items of Equipment
- Exhibit A — Form of Secured Note
- Exhibit B — Form of Security Trustee Parent Guaranty

## SECURITY AGREEMENT-TRUST DEED

THIS SECURITY AGREEMENT-TRUST DEED dated as of November 1, 1991 (the "Security Agreement") between SECURITY PACIFIC EQUIPMENT LEASING, INC., a Delaware corporation (the "Lessor") and STATE STREET BANK AND TRUST COMPANY OF CONNECTICUT, NATIONAL ASSOCIATION, a national banking association (the "Security Trustee"). The post office addresses of the Lessor and the Security Trustee are set forth in Section 10.3 hereof.

### RECITALS:

A. The Lessor and the Security Trustee have entered into a Participation Agreement dated as of November 1, 1991 (the "Participation Agreement") with Virginia Electric and Power Company, a Virginia corporation (the "Lessee"), and the institutional investors party thereto (the "Note Purchasers") providing for the commitment of the Note Purchasers to purchase on the Closing Date (as defined in the Participation Agreement) therein provided the 9.10% Non-Recourse Secured Notes (the "Notes") in an aggregate principal amount not to exceed \$7,865,380.06. The Notes are to be dated the date of issue, to bear interest at the rate of 9.10% per annum prior to maturity, the principal and/or interest of which Notes are payable monthly in accordance with the amortization schedule set forth in Schedule 1 hereto to and including maturity and to be otherwise substantially in the form attached hereto as Exhibit A.

B. The Notes and all principal thereof and interest (and premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Lessor under the terms of the Notes, this Security Agreement or the Participation Agreement are hereinafter sometimes referred to as the "Secured Indebtedness".

C. All of the requirements of law relating to the transactions contemplated hereby have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed.

### SECTION 1. GRANT OF SECURITY.

The Lessor in consideration of the premises and of the sum of Ten Dollars received by the Lessor from the Security Trustee and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the equal and pro rata payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other Secured Indebtedness and the performance and observance of all of the Lessor's covenants and conditions in the Notes and in this Security Agreement and in the Participation Agreement contained for the benefit of the Security Trustee and/or the holders of the Notes, does hereby convey, warrant, mortgage, assign, pledge and grant to the Security Trustee, its successors in trust and assigns, a security interest in, all and singular of

the Lessor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1 and 1.2 hereof; excluding, however, Excepted Rights in Collateral (as defined in Section 1.4 hereof) (all of which properties hereby mortgaged, assigned, pledged and granted intended so to be are hereinafter collectively referred to as the "Collateral"):

*Section 1.1. Equipment Collateral.* The railroad equipment described in Schedule 2 attached hereto (collectively the "Equipment" or "Items of Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under that certain Equipment Lease dated as of November 1, 1991 (the "Lease") between the Lessor, as lessor, and the Lessee, as lessee; together with, in each case, all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, which become the property of the Lessor by the terms of the Bills of Sale (as defined in the Participation Agreement), and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, which become the property of the Lessor by the terms of the Lease, together with all the rents, issues, income, profits and avails therefrom.

*Section 1.2. Rental Collateral.* All right, title, interest, claims and demands of the Lessor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Lessor as lessor under the Lease, including, without limitation, the immediate and continuing right to receive and collect all Fixed Rental, Supplemental Rent, Casualty Value payments and Early Termination Value payments (as each such term is defined in the Lease), insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable to or receivable by the Lessor under the Lease pursuant thereto (except those sums reserved as Excepted Rights in Collateral under Section 1.4 hereof); it being the intent and purpose hereof that, subject always to Excepted Rights in Collateral, the assignment and transfer to the Security Trustee of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Security Trustee shall have the right to collect and receive all rental, casualty value payments and termination value payments, if any, and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the Secured Indebtedness has been fully paid and discharged.

*Section 1.3. Duration of Security Interest.* The Security Trustee, its successors in trust and assigns shall have and hold the Collateral forever; *provided, always, however,* that such security interest is granted upon the express condition that if the Lessor shall pay all the Secured Indebtedness and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Participation Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

*Section 1.4. Excepted Rights in Collateral.* There are expressly excepted and reserved from the security interest and operation of this Security Agreement the following described properties, rights, interests and privileges (hereinafter sometimes referred to as

the "Excepted Rights in Collateral" ) and nothing herein or in any other agreement contained shall constitute an assignment of said Excepted Rights in Collateral to the Security Trustee:

(a) all payments of any indemnity under Sections 6 and 10.2 of the Lease or repayments or interest thereon under Section 22.2 of the Lease which by the terms of any of such sections of the Lease are payable to the Lessor for its own account or payments of Supplemental Rent to the extent it represents such payments;

(b) all rights, privileges and immunities of the Lessor in respect of any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 11 of the Lease which by the terms of such policies or the terms of the Lease are payable for the benefit of the Lessor or directly to the Lessor for its own account;

(c) any insurance proceeds payable under insurance policies maintained by the Lessor as permitted by Section 22.7 of the Lease;

(d) all amounts payable and all rights under the Tax Indemnity Agreement; and

(e) all amounts of interest or late charges attributable to amounts referred to in any of clauses (a) through (d) above.

## SECTION 2. COVENANTS AND WARRANTIES OF THE LESSOR.

The Lessor covenants, warrants and agrees as follows:

*Section 2.1. Lessor's Duties.* The Lessor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements of the Lessor set forth in the Participation Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendment or supplement to the Participation Agreement were fully set out in an amendment or supplement to this Security Agreement. The Lessor undertakes to perform only such duties as are expressly and specifically set forth herein and in the other Operative Agreements (as defined in the Participation Agreement) and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreements against the Lessor.

*Section 2.2. Warranty of Title.* The Lessor has the right, power and authority to grant a security interest in the Collateral to the Security Trustee for the uses and purposes herein set forth; and the Lessor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Lessor not related to the ownership of the Equipment, the lease of the Equipment to the Lessee or any other

transactions contemplated by the Operative Agreements. The Lessor also agrees that it will, at its own cost and expense, without regard to the provisions of Section 7 hereof, pay or satisfy and discharge any such liens and encumbrances on the Collateral resulting from claims against the Lessor not related to the ownership of the Equipment or any other transactions contemplated by the Operative Agreements, but the Lessor shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not materially endanger the title and interest of the Lessor or the security interest hereunder in and to the Equipment. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Lessor is named and which the Lessor has signed, as Lessor 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 2.3. Further Assurances.* Upon request of the Security Trustee, the Lessor will at Lessee's sole cost and expense and, at no expense to the Security Trustee, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the rents and other sums due and to become due under the Lease, the Lessor covenants and agrees that it has, pursuant to Section 17 of the Lease, notified the Lessee of the assignment hereunder and directed the Lessee to make all payments of such rents and other sums due and to become due under the Lease other than Excepted Rights in Collateral directly to the Security Trustee or as the Security Trustee may direct in writing.

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

*Section 2.5. Recordation and Filing.* The Lessor will fully cooperate with the Lessee, at Lessee's sole cost and expense, in connection with Lessee's obligation pursuant to Section 10.1 of the Lease to cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Security Trustee in such manner and in such place as may be required by law in order to fully preserve and protect the rights of the Security Trustee hereunder.

*Section 2.6. Modifications of the Lease.* The Lessor will not:

- (a) declare a default or exercise the remedies of the Lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except as to Excepted Rights in Collateral

and as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

(b) receive or collect any rental payment under the Lease prior to the date for Payment thereof provided for by the Lease or assign, transfer or hypothecate or grant a security interest in (other than to the Security Trustee hereunder) any rent payment then due or to accrue in the future under the Lease in respect of the Equipment, except in all cases as to any payment constituting Excepted Rights in Collateral; or

(c) without limiting the provisions of Section 3.5 of the Participation Agreement, sell, mortgage, transfer, assign or hypothecate or grant a security interest in (other than to the Security Trustee hereunder) its interest in the Equipment or any part thereof or in any amount to be received by it from the use or disposition of the Equipment.

*Section 2.7. Power of Attorney in Respect of the Lease.* Except with respect to Excepted Rights in Collateral and subject to the provisions of Section 5.3 hereof, the Lessor does hereby irrevocably constitute and appoint the Security Trustee so long as the Security Agreement is not discharged its true and lawful attorney with full power of substitution, for it and in its name, place and stead, (i) to ask, demand, collect, receive and receipt for any and all rents, income and other sums which are assigned under Sections 1.1 and 1.2 hereof (other than Excepted Rights in Collateral) and to endorse the name of the Lessor on all commercial paper given in payment or in part payment thereof, and (ii) without limiting the provisions of the foregoing clause (i), during the continuance of any Event of Default under this Security Agreement, to sue for, compound and give acquittance for, and to settle, adjust or compromise any claim thereunder as fully as the Lessor could itself do, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Lessor or otherwise, which the Security Trustee may deem necessary or appropriate to protect and preserve the right, title and interest of the Security Trustee in and to such rents and other sums and the security intended to be afforded hereby.

*Section 2.8. Notice of Default.* Each party hereto covenants and agrees that it will give the other party hereto and each holder of the Notes prompt written notice of any event or condition constituting an Event of Default under the Lease if it has knowledge of such an Event of Default or of an Event of Default under the provisions of Section 5.1 hereof.

### SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

*Section 3.1. Possession of Collateral.* While no Event of Default has occurred and is continuing hereunder, the Lessor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; *provided, always,* that the possession, enjoyment, control and use of the Equipment by the Lessor shall at all times be subject to the observance and performance of the terms of this Security

Agreement. It is expressly understood that the use and possession of the Equipment or any Item thereof by the Lessee under and subject to the Lease or by any sublessee under a sublease permitted by Section 8.2 of the Lease shall not constitute a violation of this Section 3.1.

*Section 3.2. Release of Property.* So long as no default referred to in Section 15 of the Lease has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 12 or 20 of the Lease upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the Lease will terminate and the receipt from the Lessee of all sums payable for such Item of Equipment in compliance with Section 12 or 20, as the case may be, of the Lease.

*Section 3.3. Protection of Purchaser.* No purchaser in good faith of property purporting to be released hereunder shall be bound to ascertain the authority of the Security Trustee to execute the release, or to inquire as to any facts required by the provisions hereof for the exercise of such authority; nor shall any purchaser, in good faith, of any item or unit of the collateral be under obligation to ascertain or inquire into the conditions upon which any such sale is hereby authorized.

#### SECTION 4. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURITY TRUSTEE.

*Section 4.1. Application of Rents and Other Payments.* As more fully set forth in Section 1.2 hereof the Lessor has hereby granted to the Security Trustee a security interest in rents, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 5 hereof, or event which could become such Event of Default, has occurred and is continuing:

(a) The amounts from time to time received by the Security Trustee which constitute payment by the Lessee under the Lease of the installments of Fixed Rental under the Lease or of Supplemental Rent (other than Supplemental Rent constituting Excepted Rights in Collateral) under Section 2.1(b)(ii), (iii) or (iv) of the Lease shall be applied first, to the payment of the installments of principal, premium, if any, and interest (and in each case first to interest, then to premium and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of rental which are received by the Security Trustee, and then the balance, if any, of such amounts shall be paid to or upon the order of the Lessor;

(b) The amounts from time to time received by the Security Trustee which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 12.2 of the Lease shall be applied by the Security Trustee as follows:

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

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

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

For purposes of this Section 4.1(b) and Section 4.1(c) below, the "*Loan Value*" in respect of any Item of Equipment shall be an amount equal to the product of (A) a fraction, the numerator of which is an amount equal to the Original Equipment Cost (as defined in the Participation Agreement) of such Item of Equipment for which settlement is then being made and the denominator of which is the aggregate Original Equipment Cost of all Items of Equipment then subject to the Lease (including the Original Equipment Cost of such Item of Equipment for which settlement is then being made), times (B) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in this Section 4.1(b) or Section 4.1(c), as the case may be (after giving effect to all payments of installments of principal made or to be made on the date of prepayment provided for in this Section 4.1(b) or Section 4.1(c), as the case may be);

(c) The amounts received by the Security Trustee which constitute settlement by the Lessee of the "*Early Termination Value*" for any Items of Equipment pursuant to Section 20 of the Lease or the proceeds of any sale of such Items of Equipment pursuant to said Section 20 shall be applied by the Security Trustee as follows:

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

(ii) Second, an amount equal to the Loan Value of such Items of Equipment for which settlement is then being made shall be applied (A) to the prepayment of the principal amount of the Notes so that each of the remaining installments of each such Note shall be reduced in the proportion that such principal amount of the prepayment of principal bears to the unpaid principal amount of such Notes immediately prior to the prepayment and (B) to the Redemption Premium, if any, on such portion of the Notes then being prepaid

as set forth in Section 10.5 hereof (with application to be made first, to such Redemption Premium, and second, to principal); and

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

(d) The amounts received by the Security Trustee from time to time which constitute proceeds of casualty insurance maintained by the Lessee in respect of any Item of Equipment, shall be held by the Security Trustee as a part of the Collateral and shall be applied by the Security Trustee from time to time to any one or more of the following purposes:

(i) So long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Security Trustee, the proceeds of such insurance shall, (1) if the Item of Equipment is to be repaired or replaced, be released to the Lessor to reimburse the Lessee for expenditures made for such repair or replacement upon receipt by the Security Trustee of a certificate of an authorized officer of the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired, and (2) if the Lessee has exercised its right of substitution under Section 12.3 of the Lease, be released to the Lessor for payment to the Lessee upon evidence reasonably satisfactory to the Security Trustee that such Item has been replaced in compliance with Section 12.3 of the Lease; and

(ii) If the insurance proceeds shall not have been released to the Lessor pursuant to the preceding paragraph (i) within 90 days from the receipt thereof by the Security Trustee, or if within such period the Lessee shall have notified the Security Trustee in writing that the Lease is to be terminated in respect of such Item in accordance with the provisions of Section 12.2 of the Lease, then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Security Trustee, the insurance proceeds shall be applied by the Security Trustee as follows:

(A) *First*, to the prepayment of the Notes in the manner and to the extent provided for by clauses First and Second of Section 4.1(b) hereof; and

(B) *Second*, the balance, if any, of such insurance proceeds held by the Security Trustee after making the applications provided for by the preceding subparagraph (A) shall be released to or upon the order of the Lessor on the date of such prepayment of the Notes.

(e) Except as otherwise provided in this Security Agreement, any payments received by the Security Trustee for which provision as to the application thereof is made in the Lease or the Participation Agreement shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease or the Participation Agreement.

*Section 4.2. Multiple Notes.* If more than one Note is outstanding at the time any such application is made, such application shall be made ratably on all outstanding Notes in accordance with the aggregate principal amount remaining unpaid thereon.

*Section 4.3. Default.* If an Event of Default referred to in Section 5 hereof has occurred and is continuing, all amounts received by the Security Trustee pursuant to Section 1.2 hereof (other than amounts constituting Excepted Rights in Collateral) shall be applied in the manner provided for in Section 5 in respect of proceeds and avails of the Collateral.

*Section 4.4. Funds Held by Security Trustee.* In the event any balance of amounts otherwise payable to or upon the order of the Lessor pursuant to Section 4.1 hereof shall be held by the Security Trustee due to the occurrence and continuance of an event which could become an Event of Default hereunder or an Event of Default as to which no acceleration has occurred, then such balances (including any investment income thereon) shall be held by the Security Trustee as part of the Collateral and invested as hereinafter in this Section 4.4 provided until the earliest to occur of (i) the date on which such event or Event of Default shall have been cured or waived, (ii) the date such acceleration occurs, or (iii) ninety (90) days from receipt thereof. Upon the occurrence of an event referred to in clause (i) or (iii) above, such sum so withheld plus earnings thereon shall be distributed to or upon the order of the Lessor. In the event such acceleration occurs, such sum so withheld (including any investment income thereon) shall be applied in the manner provided in Section 5 in respect of the proceeds and avails of the Collateral. Funds held by the Security Trustee pursuant to this Section 4.4 plus earnings thereon shall be invested by the Security Trustee as directed from time to time in writing by the Lessor and at the expense and risk of the Lessor, but only in any of the following securities maturing within a one year period:

- (a) direct obligations of the United States of America; or
- (b) obligations fully guaranteed by the United States of America; or
- (c) certificates of deposit issued by, or bankers' acceptances of, or time deposits or a deposit account with, any bank, trust company or national banking association incorporated and doing business under the laws of the United States of America or one of the States thereof, having a combined capital and surplus of at least \$300,000,000 and having a rating of "B" or better from the Keefe Bank Watch Service.

SECTION 5. DEFAULTS AND OTHER PROVISIONS.

*Section 5.1. Events of Default.* The term "Event of Default" for all purposes of this Security Agreement shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or premium, if any, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise;

(b) An Event of Default (as defined in the Lease) (other than an Event of Default solely relating to Excepted Rights in Collateral) shall have occurred and be continuing under the Lease;

(c) Default on the part of the Lessor in the due observance or performance of any material covenant or agreement to be observed or performed by the Lessor for the benefit of the Security Trustee or the holders of the Notes under this Security Agreement or the Participation Agreement and the same shall continue unremedied for a period of 30 days after written notice thereof to Lessor;

(d) Any representation or warranty on the part of the Lessor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished to the Security Trustee or any holder of the Notes in connection with this Security Agreement, the Lease or the Participation Agreement, or the transactions contemplated therein, shall prove to be untrue in any material respect as of the date of the issuance or making thereof and shall remain untrue in any material respect for more than 30 days after written notice thereof to the Lessor;

(e) The Lessor becomes insolvent or fails generally to pay its debts as such debts become due, or causes or suffers an order for relief to be entered against it under any applicable federal or state bankruptcy law, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a custodian, trustee or receiver for the Lessor or for the major part of its property;

(f) A trustee or receiver is appointed for the Lessor or for the major part of its property and is not discharged within 60 days after such appointment; or

(g) Bankruptcy, reorganization, arrangement, insolvency or liquidation proceedings, or other proceedings for relief under any bankruptcy law or similar law for the relief of Lessor, are instituted by or against the Lessor and, if instituted against the Lessor, are consented to or are not dismissed within 60 days after such institution.

*Section 5.2. Security Trustee's Rights.* The Lessor agrees that when any Event of Default as defined in Section 5.1 has occurred and is continuing, the Security Trustee may, without limitation of all other rights and remedies available at law or in equity in such event, exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it

being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Security Trustee may, and upon the written request of the holders of at least 25% in principal amount of the Notes then outstanding shall, by notice in writing to the Lessor declare the entire unpaid balance of the Notes to be immediately due and payable and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable; *provided, however,* that the holders of 66-2/3% of the aggregate principal amount of the Notes then outstanding may rescind such declaration by notice to the Security Trustee and the Lessor;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and to exclude the Lessor wholly therefrom and may enter any of the premises of the Lessor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold and shall otherwise exercise any and all rights and powers of the Lessor with respect thereto;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Lessor and the Lessee once at least 10 days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to; *provided, however,* that any such sale shall be held in a commercially reasonable manner. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Security Trustee or the holder or holders of the Notes, or of any interest therein, or the Lessor may bid and become the purchaser at any such sale;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in

bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the collateral or any part thereof, or subject to the provisions of Section 7 hereof, for the recovery of judgment for the Secured Indebtedness or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

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

*Section 5.3. Certain Rights of the Lessor.* Anything to the contrary contained in this Security Agreement notwithstanding, including, without limitation, Section 5.2 hereof:

(a) *Right to Cure.* The Security Trustee shall give the holders of the Notes, the Lessor and the Lessee written notice of any Event of Default of which the Security Trustee has knowledge and if such Event of Default arises out of the nonpayment of Fixed Rent under the Lease or out of such other Event of Default under the Lease which can be cured by the payment of money, the Security Trustee shall give the Lessor not less than ten (10) business days prior written notice of the date (the "*Enforcement Date*") on or after which the Security Trustee will exercise any remedy or remedies pursuant to Section 5.2 hereof, or the remedy of terminating the Lease pursuant to the provisions of Section 15.2 thereof. The Security Trustee may not exercise any such remedy or remedies prior to the Enforcement Date. If such an Event of Default shall have occurred and be continuing, the Lessor shall have the following rights hereunder:

(i) *Fixed Rent.* In the event of the occurrence of an Event of Default resulting from the failure of the Lessee to pay Fixed Rent, on or prior to the Enforcement Date the Lessor may, but shall not be obligated to, pay to the Security Trustee an amount equal to any principal and interest (including interest, if any, on overdue payments of principal and interest) then due and payable on the Notes (not taking into account any acceleration of the Notes), and unless the Lessor has cured Events of Default in respect of the twelve (12) immediately preceding payments of Fixed Rent or any twenty-four (24) Events of Default in respect of the payment of Fixed Rent, such payment by the Lessor under this Section 5.3(a), solely for the purpose of determining whether an Event of Default is continuing hereunder, shall cure any Event of Default hereunder which would otherwise have arisen on account of such non-payment by the Lessee of such installment of Fixed Rent under the Lease, including any Event of Default pursuant to Section 5.1(b) hereof.

(ii) *Other Defaults.* In the event that an Event of Default (other than a default in the payment of Fixed Rent) has occurred under the Lease which can

be cured by the payment of money, including the purchase of such goods and/or services from such Persons as shall be necessary to fulfill the required observance or performance, on or prior to the Enforcement Date, the Lessor may, but shall not be obligated to, solely for the purpose of determining whether an Event of Default is continuing hereunder, cure such Event of Default under the Lease by making such payment to such Person as is necessary to accomplish the observance or performance of the defaulted covenant, condition or agreement so long as the amount so paid and unreimbursed by the Lessee does not exceed \$500,000.

(iii) *Subrogation.* The Lessor shall not, by exercising the right to cure any such Event of Default, obtain any lien, charge or encumbrance of any kind on any of the Collateral for or on account of costs or expenses incurred in connection with the exercise of such right nor shall any claims of the Lessor against the Lessee or any other party for the repayment of such costs or expenses impair the prior right and security interest of the Security Trustee in and to the Collateral. Upon such payment by the Lessor of the amount of principal and interest then due and payable on the Notes, the Lessor shall be subrogated to the rights of the Security Trustee in respect of any Fixed Rent which was overdue at the time of such payment and interest payable by the Lessee on account of its being overdue, and therefore, if no other Event of Default shall have occurred and be continuing and if all principal and interest payments due on the Notes have been paid at the time of receipt by the Security Trustee of such Fixed Rent and such interest, the Lessor shall be entitled to receive such Fixed Rent and interest upon receipt thereof by the Security Trustee; *provided* that (i) in the event the principal and interest on the Notes shall have become due and payable pursuant to Section 5.2(a) hereof, such subrogation shall, until principal of and interest on all Notes shall have been paid in full, be subordinate to the rights of the Security Trustee in respect of such payment of Fixed Rent and such interest prior to receipt by the Lessor of any amount pursuant to such subrogation, and (ii) the Lessor shall not be entitled to seek to recover any such payment (or any payment in lieu thereof) except pursuant to the foregoing right of subrogation.

(b) *Option to Purchase Notes.* At any time after (i) the Notes have been declared due and payable pursuant to Section 5.2(a), or have otherwise pursuant to Section 5.4 become due and payable, or (ii) an Event of Default under the Lease shall have occurred and be continuing, no Event of Default hereunder has occurred and is continuing except as a result thereof, and such Event of Default under the Lease and the absence of any Event of Default hereunder except as aforesaid shall continue for a period of more than 180 days during which the Security Trustee shall not have commenced the termination of the Lease or otherwise commenced the exercise of a remedy which is commercially reasonable to the Lessor taking into consideration the nature of the Event of Default under the Lease, each holder of a Note agrees that, upon the written request of the Lessor, it will, upon receipt from the Lessor or its nominee on the date specified in such request which shall not be less than five days

from the date of such request (the "*Payment Date*") of an amount equal to the aggregate unpaid principal amount of all Notes then held by such holder, together with accrued interest thereon to the date of payment, plus all other sums then due and payable to such holder hereunder or under the Participation Agreement, the Lease or such Notes (but without any premium or penalty, including any Redemption Premium), forthwith sell, assign, transfer and convey to the Lessor or its nominee on or before the Payment Date (without recourse or warranty of any kind except as to title and as against liens on such Notes arising by, through or under such holder), all of the right, title and interest of such holder in and to the Notes held by such holder.

(c) *Enforcement of Lease Termination.* The Security Trustee shall not foreclose the Lien of this Security Agreement pursuant to any of the remedies contained in Section 5.2 hereof or otherwise divest the Lessor of title to any Item of Equipment solely as a result of an Event of Default occurring under Section 5.1(b) hereof (at a time when no other Event of Default hereunder unrelated to such Section 5.1(b) default shall have occurred and be continuing) unless the Security Trustee has proceeded, or is then currently proceeding, to the extent it is then entitled to do so hereunder and under the Lease, to simultaneously exercise such remedies against Lessee under the Lease;

(d) *Shared Rights.* The Lessor will at all times retain, but not to the exclusion of the Security Trustee, the rights (i) to receive from the Lessee all notices, copies of documents and other information which the Lessee is permitted or required to give or furnish to the Lessor pursuant to the Operative Agreements, (ii) to inspect the Equipment and the books and records of the Lessee to the extent provided in the Operative Agreements, (iii) to provide such insurance as the Lessee will have failed to maintain and to obtain excess insurance for its own account, (iv) to sue for specific performance of the covenants of the Lessee under the Lease with respect to the maintenance and return of the Equipment, and (v) except as otherwise limited by Section 5.3(a), to perform for the Lessee pursuant to Section 22.2 of the Lease;

(e) *Adjustments; Options.* So long as no Event of Default hereunder has occurred and is continuing, the Lessor will retain, to the exclusion of the Security Trustee, the right to exercise the rights, elections and options of the Lessor to make any decision or determination and to give any notice, consent, waiver or approval with respect to any adjustments of Fixed Rent, Casualty Value or Early Termination Value as provided in Section 2.5 of the Lease or with respect to any options under Section 18 and 19 of the Lease;

(f) *Amendments, Waivers, etc.* So long as no Event of Default hereunder has occurred and is continuing, the Lessor will retain, but not to the exclusion of the Security Trustee, the right to exercise the rights, elections and options of the Lessor to make any decision or determination, to consent to any amendment, supplement or modification and, other than as provided in Section 5.3(e), to give any notice, consent, waiver, or approval under the Lease or which any other Operative Agreement confers upon the Lessor, and upon the occurrence and continuance of an

Event of Default, except as otherwise provided in Section 5.3(e), all such rights shall be exercised solely by the Security Trustee; and

(g) *Excepted Rights in Collateral.* The Lessor will retain, to the exclusion of the Security Trustee, all rights to Excepted Rights in Collateral, including the right to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Lessor on account of any such Excepted Rights in Collateral; *provided* that the rights referred to in this paragraph (g) shall not be deemed to include the exercise of any remedies provided for in Section 14 of the Lease other than the right to proceed by appropriate court action or actions, either at law or in equity, to enforce such Excepted Rights in Collateral or to recover damages for the breach thereof.

*Section 5.4. Acceleration Clause.* In case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Security Agreement, the principal of the Notes, if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes held by such purchaser, including principal and interest thereof, out of the net proceeds of such sale.

*Section 5.5. Waiver by Lessor.* To the extent permitted by law, the Lessor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or pursuant to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Lessor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

*Section 5.6. Effect of Sale.* Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Lessor in and to the property sold, shall be a perpetual bar, both at law and in equity, against the Lessor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof

under, by or through the Lessor, its successors or assigns (subject, however, to the then existing rights, if any, of the Lessee under the Lease).

*Section 5.7. Application of Sale Proceeds.* The proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

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

(b) *Second*, to the payment of the holder or holders of the Notes of the amount then owing or unpaid on the Notes for principal and interest; and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Notes, then ratably according to the aggregate of such principal and the accrued and unpaid interest with application on each Note to be made, first, to the unpaid interest thereon, and second, to unpaid principal thereof; such application to be made upon presentation of the several Notes, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

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

*Section 5.8. Discontinuance of Remedies.* In case the Security Trustee shall have proceeded to enforce any right under this Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Lessor, the Security Trustee and the holder or holders of the Notes shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Security Agreement.

*Section 5.9. Cumulative Remedies.* No delay or omission of the Security Trustee or of the holder of any Note to exercise any right or power arising from any default on the part of the Lessor, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee, or the holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Secured Indebtedness under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder,

nor shall the Security Trustee or holder of any of the Notes be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

*Section 5.10. Lessee's Rights Under Lease.* Notwithstanding any of the provisions of this Security Agreement to the contrary, neither the Lessor nor the Security Trustee shall, in the absence of an Event of Default under the Lease, take any action contrary to the Lessee's rights under the Lease, including the right to possession and use of the Equipment, except in accordance with the provisions of the Lease.

## SECTION 6. THE SECURITY TRUSTEE.

*Section 6.1. Certain Duties and Responsibilities of Security Trustee.* (a) Except during the continuance of an Event of Default:

(1) the Security Trustee undertakes to perform such duties and only 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; and

(2) in the absence of bad faith on its part, the Security Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Security Trustee and conforming to the requirements of this Security Agreement or the Lease; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Security Trustee, the Security Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Security Agreement.

(b) In case an Event of Default has occurred and is continuing, the Security Trustee shall exercise such of the rights and powers vested in it by this Security Agreement for the benefit of the holders of the Notes, and use the same degree of care and skill in their exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Security Trustee from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) 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; and

(3) the Security Trustee shall not be liable to the holder of any Note with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of 66-2/3% (or such other percentage as may be set forth herein) in principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Security Trustee, or exercising any trust or power conferred upon the Security Trustee under this Security Agreement.

(d) No provision of this Security Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Security Trustee shall be subject to the provisions of this Section.

*Section 6.2. Certain Limitations on Security Trustee's Rights to Compensation and Indemnification.* The Security Trustee agrees that it shall have no right against the holder of any 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 liability which it may incur in the exercise and performance of such powers and duties but, on the contrary, shall look solely to the Lessee under Section 2.1(i) of the Lease for such payment and indemnification and that it shall have no lien on nor security interest in the Collateral as security for such compensation, expenses, reasonable counsel fees, if any, disbursements and indemnification except to the extent provided for in Section 5.7(a) hereof.

*Section 6.3. Certain Rights of Security Trustee.* (a) The Security Trustee shall not be responsible for any recitals herein or in the Participation Agreement or for insuring the Equipment, or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral (other than a lien unrelated to the transactions contemplated by the Operative Agreements arising by, through or under the Security Trustee in its individual capacity), or for the recording, filing or refileing of this Security Agreement, or of any amendment or supplement thereto or further mortgage or trust or any other document, nor shall the Security Trustee be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Participation Agreement, except in the case of a default in the payment of the principal of, or interest or premium, if any, on any Note or a default of which the Security Trustee has actual knowledge. The Security Trustee shall promptly notify the Lessor and all holders of the Notes of any default of which the Security Trustee has actual knowledge, with a copy of such notice to the Lessee if such default does not arise under the Lease. Upon receipt by the Security Trustee of such written notice from a holder of a Note, the Security Trustee shall promptly notify the Lessor and all other holders of the Notes of such notice and the default referred to therein by prepaid registered mail addressed to them at their addresses set forth

in the case of the Lessor, in Section 10.3 hereof and in the case of the holders of the Notes, in the Register provided for in Section 8.3 hereof. For all purposes of this Agreement, in the absence of actual knowledge on the part of an officer or employee in its Corporate Trust Department, the Security Trustee shall not be deemed to have knowledge of any default hereunder unless notified in writing by the Lessor, the Lessee or any holder of the Notes.

(b) The Security Trustee makes no representation or warranty as to the validity, sufficiency or enforceability of this Security Agreement, the Notes, the Participation Agreement or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to, any Equipment or Item of Equipment or any substitute therefor. The Security Trustee shall not be accountable to anyone for the use or application of any of the Notes or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the lien and security interest hereof in accordance with the provisions of this Security Agreement, except to the extent that such proceeds are in the custody of the Security Trustee.

(c) The Security Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Lessor or the Lessee shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Security Trustee, and signed in the name of the Lessor or the Lessee, as the case may be, by its Chairman of the Board, President, any Vice President, Treasurer or Secretary, and any resolution of the Board of Directors of the Lessor or the Lessee shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Security Trustee.

(e) Whenever in the administration of the trust herein provided for the Security Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, the President, any Vice President, the Treasurer or the Secretary of the Lessor or the Lessee, as the case may be, and delivered to the Security Trustee, and such certificate shall fully warrant to the Security Trustee or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Security Trustee may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Security Trustee may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Security Trustee, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in reliance thereon.

(g) The Security Trustee shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Security Trustee may involve loss, liability or expense, unless the Lessor or one or more holders of the Notes outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Security Trustee.

(h) The Security Trustee shall not be liable to the holder of any Note for any action taken or omitted by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Security Agreement.

(i) The Security Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Notes then outstanding.

(j) The Security Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Security Trustee shall not be responsible for any action or inaction on the part of any agent or attorney appointed by it with due care.

(k) The provisions of paragraphs (c) to (j) inclusive of this Section 6.3 shall be subject to the provisions of Section 6.1 hereof.

*Section 6.4. Showings Deemed Necessary by Security Trustee.* Notwithstanding anything elsewhere in this Security Agreement contained, the Security Trustee shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Security Trustee deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

*Section 6.5. 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, except as otherwise provided in Section 4.4. 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 Lessor or any affiliated corporation or the Lessee or any affiliated corporation, or the Security Trustee may act as depositary or otherwise in respect to other securities of the Lessor or any affiliated corporation or the

Lessee or any affiliated corporation, all with the same rights which it would have if not the Security Trustee. The Security Trustee agrees that, whenever it shall be required to disburse moneys to the Lessor or any Note Purchaser or any holder of a Note under the provisions hereof, it shall do so by wire transfer of immediately available funds to a designated bank or trust company located in the continental United States whenever such method of payment is provided for in Schedule 1 to the Participation Agreement or is requested in writing by the Lessor or any Note Purchaser or any holder of a Note.

*Section 6.6. Resignation of Security Trustee.* The Security Trustee may resign and be discharged of the trusts hereby created by mailing notice specifying the date when such resignation shall take effect to the Lessor and the Lessee at their addresses set forth in Section 10.3 hereof and the holders of the Notes at their addresses set forth in the Register provided for in Section 8.3 hereof. Such resignation shall take effect on the date specified in such notice (being not less than thirty days after the mailing of such notice) unless previously a successor Security Trustee shall have been appointed as hereinafter provided, in which event such resignation shall take effect immediately upon the appointment of such successor; *provided, however,* no such resignation shall be effective unless and until a successor Security Trustee shall have been appointed and accepted such appointment in accordance with the provisions of Sections 6.9 and 6.12 hereof.

*Section 6.7. Removal of Security Trustee.* The Security Trustee may be removed and/or a successor Security Trustee may be appointed at any time by an instrument or concurrent instruments in writing signed and acknowledged by the holders of 66-2/3% in principal amount of the Notes and delivered to the Security Trustee, the Lessor and the Lessee and, in the case of the appointment of a successor Security Trustee, to such successor Security Trustee.

*Section 6.8. Eligibility of Security Trustee.* The Security Trustee shall be a trust company or banking corporation organized under the laws of the United States or of a state thereof in good standing and having a capital and surplus aggregating at least \$100,000,000, if there be such a trust company or banking corporation qualified, able and willing to accept the trust upon reasonable or customary terms.

For purposes of the foregoing, so long as (i) an absolute and unconditional parent guarantee of the corporate parent of the Security Trustee substantially in the form attached hereto as Exhibit B shall be in full force and effect with respect to all obligations of the Security Trustee under this Agreement and the other Operative Agreements and (ii) an opinion in scope, form and substance reasonably satisfactory to the beneficiaries of such parent guarantee shall have been provided by counsel for the corporate parent of the Security Trustee (which counsel shall be satisfactory to the Trustor and the Noteholders) on the date of execution and delivery of the parent guarantee referred to in clause (i) above, the "*capital, surplus and undivided profits*" requirement set forth above with respect to the Security Trustee shall be satisfied if the tangible net worth of such corporate parent is at least \$250,000,000.

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 6.6.

*Section 6.9. Appointment of Successor Security Trustee.* If the Security Trustee shall have given notice of resignation pursuant to Section 6.6 hereof, or if notice of removal shall have been given to the Security Trustee, the Lessor and the Lessee pursuant to Section 6.7 hereof, and such notice does not appoint a successor Security Trustee, until a successor Security Trustee shall be appointed by the holders of the Notes, a successor Security Trustee may be appointed by the Lessor, or, if such successor Security Trustee shall not have been so appointed or shall not have accepted such appointment within fifteen calendar days after the giving of such notice of resignation or the giving of any such notice of removal, as the case may be, a successor Security Trustee may be appointed by the Lessor, the holder of any outstanding Note or, upon application of the retiring Security Trustee, by any court of competent jurisdiction. Any successor Security Trustee so appointed shall immediately and without further act be superceded by a successor Security Trustee appointed by the holders of 66-2/3% in principal amount of the Notes.

*Section 6.10. Merger or Consolidation of Security Trustee.* Any company into which the Security Trustee, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Security Trustee or any successor to it shall be a party, if eligible as provided in Section 6.8, shall be the successor to the Security Trustee under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Lessor covenants that in case of any such merger, consolidation or conversion it will cooperate with the Lessee in connection with the Lessee's obligation pursuant to Section 10.1 of the Lease to cause to be executed, acknowledged, recorded, and/or filed suitable instruments in writing to confirm the estates, rights and interests of such corporation as Security Trustee under this Security Agreement.

*Section 6.11. Conveyance Upon Request of Successor Security Trustee.* Should any deed, conveyance or instrument in writing from the Lessor be required by any successor Security Trustee for more fully and certainly vesting in and confirming to such new Security Trustee such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and Lessor shall cooperate with the Lessee in connection with the Lessee's obligation pursuant to Section 10.1 of the Lease to cause the same to be recorded and/or filed.

*Section 6.12. Acceptance of Appointment by Successor Security Trustee.* Any new Security Trustee appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Lessor an instrument accepting such appointment, and thereupon such new Security Trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named as Security Trustee herein; but

nevertheless, upon the written request of the Lessor or of the successor Security Trustee, the Security Trustee ceasing to act shall execute and deliver an instrument transferring to such successor Security Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Security Trustee so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Security Trustee to the successor Security Trustee so appointed in its or his place.

#### SECTION 7. LIMITATIONS OF LIABILITY.

Anything in this Security Agreement to the contrary notwithstanding, neither the Security Trustee nor the holder of any Note nor the successors or assigns of any of said Persons, shall have any claim, remedy or right to proceed (at law or in equity) against the Lessor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, agent, employee, officer or director of the Lessor, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the Secured Indebtedness or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever in this Security Agreement, from any source other than the Collateral. The Security Trustee by the execution of this Security Agreement and the holders of the Notes by acceptance thereof, waive and release any personal liability of the Lessor in its individual corporate capacity and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, agent, employee, officer or director of the Lessor for and on account of such indebtedness or such liability, and the Security Trustee and the holders of the Notes agree to look solely to the Collateral for the payment of said indebtedness or the satisfaction of such liability; *provided, however*, nothing herein contained shall limit, restrict or impair the rights of the holders of the Notes or the Security Trustee to accelerate the maturity of the Notes upon an Event of Default under this Security Agreement; to bring suit and obtain a judgment against the Lessor on the Notes (*provided* that the Lessor shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the property mortgaged or assigned by the Lessor as security therefor, including any interest therein of the Lessor); to exercise all rights and remedies provided under this Security Agreement or otherwise realize upon the Collateral; or to bring suit and obtain a judgment against the Lessor for damages resulting from the willful misconduct or gross negligence of the Lessor. It being understood and agreed that, except as set forth in the immediately preceding sentence, the Lessor shall not be subject to personal liability for any of its undertakings set forth in this Security Agreement.

#### SECTION 8. EXECUTION, PAYMENT, REGISTRATION, ETC. OF NOTES.

*Section 8.1. Registration and Execution.* The Notes shall be registered as to principal and interest and shall be signed on behalf of the Lessor by its President or any Vice President or any other officer of the Lessor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

*Section 8.2. Payment of the Notes.* (a) The principal of, and premium, if any, and interest on the Notes shall be payable at the principal office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Notes shall be made only upon presentation of such Notes to the Security Trustee for notation thereon of the amount of such payment. Any payment or prepayment of amounts due on the Notes in accordance with the terms hereof and thereof which is due on a date which is not a Business Day shall be payable on the next following Business Day without penalty or interest. For purposes of this Security Agreement, the term "*Business Day*" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of Virginia, California, Connecticut and Massachusetts are authorized or required to be closed.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 8.2, if any Note is held by a holder which is an institutional investor, the Security Trustee shall, if so requested in writing by such holder (and Section 6 of the Participation Agreement shall constitute such written request in the case of the original Note Purchasers), make payment of interest on such Note and make payments or prepayments of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register without surrender or presentation of such Note and without any notation of such payment being made thereon, and such holder (or person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Note, present such Note to the Security Trustee for transfer and notation as provided in Sections 8.4 and 8.5. Upon written notice from any holder which is an institutional investor or its nominee given not less than 30 days prior to the payment or prepayment of the Notes (and Section 6 of the Participation Agreement shall constitute such written notice in the case of the original Note Purchasers), the Security Trustee will cause all payments and prepayments of the principal of, and interest and premium, if any, on the Notes held by such Noteholder or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer of 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.

*Section 8.3. The Register.* The Lessor will cause to be kept at the principal office of the Security Trustee a register for the registration and transfer of Notes (herein called the "*Register*"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

*Section 8.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.*

(a) The holder of any Note may transfer such Note upon the surrender thereof at the principal corporate office of the Security Trustee. Thereupon, the Lessor shall execute in the name of the transferee a new Note or Notes in aggregate principal amount equal to the unpaid principal amount of the Note so surrendered and deliver such new Note or Notes to the Security Trustee for delivery to such transferee. By the acceptance of such Note or

Notes, such transferee shall be deemed to have made the representations contained in Section 3.4 of the Participation Agreement.

(b) The holder of any Note or Notes may surrender such Note or Notes at the principal office of the Security Trustee, accompanied by a written request for a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes so surrendered. Thereupon, the Lessor shall execute in the name of such holder a new Note or Notes in the denomination or denominations so requested and in the aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes so surrendered and deliver such new Note or Notes to the Security Trustee for delivery to such holder.

(c) All Notes presented or surrendered for exchange or transfer shall be accompanied (if so required by the Lessor) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Lessor and to the Security Trustee, duly executed by the registered holder or by its attorney duly authorized in writing. The Lessor shall not be required to make a transfer or an exchange of any Note for a period of five days preceding any installment payment date with respect thereto. The Lessor may absolutely rely on any signature purporting to be correct and shall have no duty of inquiry upon any such presentation or surrender of Notes for exchange or transfer.

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 8.4, and the holder of any Note issued as provided in this Section 8.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

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

Note Purchaser or subsequent institutional investor, in form reasonably satisfactory to the Lessor and the Security Trustee, to indemnify the Lessor or the Security Trustee from all risks resulting from the issuance of such new Note. The Lessor shall advise the Security Trustee when any new Note is issued pursuant to this Section 8.4(e) as to the details relating to such issuance.

*Section 8.5. The New Notes.* (a) Each new Note (herein, in this Section 8.5, called a "New Note") issued pursuant to Section 8.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 8.5, called an "Old Note") shall be dated the date of such Old Note. The Security Trustee shall mark on each New Note (i) the date to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Note pursuant to Section 8.4(a), (b) or (e), the Lessor may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Lessor.

(c) All New Notes issued pursuant to Section 8.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Lessor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

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

*Section 8.6. Cancellation of Notes.* All Notes surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Lessor for cancellation or, if surrendered to the Lessor, shall be cancelled by it, and no Notes shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Security Agreement.

*Section 8.7. Registered Owner.* The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and neither the Lessor nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Lessor and the Security Trustee may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

## SECTION 9. SUPPLEMENTS; WAIVERS.

*Section 9.1. Supplemental Security Agreements Without Noteholder Consent.* The Lessor 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 of the following purposes:

(i) to add to the covenants and agreements to be observed by, and to surrender any right or power reserved to or conferred upon the Lessor; or

(ii) to subject to the security interest of this Security Agreement additional property hereafter acquired by the Lessor 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;

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

*Section 9.2 Waivers and Consents by Noteholders; Supplemental Security Agreements with Noteholder Consent.* Upon the waiver or consent of the holders of at least 66-2/3% in aggregate principal amount of the Notes then outstanding (a) the Lessor 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 the Operative Agreements, (b) the Lessor and the Security Trustee may enter into an agreement or agreements supplemental hereto for the purpose of adding, changing or eliminating any provisions of this Security Agreement or of any agreement supplemental hereto or modifying in any manner the rights and obligations of the holders of the Notes and the Lessor or (c) the Lessor and the Lessee may amend the Lease; *provided*, that no such waiver or supplemental agreement shall (i) impair or affect the right of any holder to receive payments or prepayments of the principal of and payments of the interest or premium, if any, on its Note, as therein and herein provided, without the consent of such holder, (ii) permit the creation of any lien or security interest with respect to any of the Collateral, without the consent of the holders of all the Notes at the time outstanding, (iii) effect the deprivation of the holder of any Note of the benefit of the security interest of this Security

Agreement upon all or any part of the Collateral without the consent of such holder, (iv) reduce the aforesaid percentage of the aggregate principal amount of Notes, the holders of which are required to consent to any such waiver or supplemental agreement pursuant to this Section, without the consent of the holders of all of the Notes at the time outstanding, or (v) modify the rights, duties or immunities of the Security Trustee, without the consent of the holders of all of the Notes at the time outstanding and the Security Trustee. The prior written consent of the Lessee shall be required with respect to any waiver or supplemental agreement relating to Section 2.2, 4.1(c), 6.3(a), 6.10 or 6.11.

*Section 9.3. Notice of Supplement.* Promptly after the execution by the Lessor and the Security Trustee of any waiver, consent or supplemental agreement pursuant to the provisions of Section 8.1 or 8.2, the Security Trustee shall give written notice, setting forth in general terms the substance of such waiver, consent or supplemental agreement, together with a conformed copy thereof, mailed, first-class, postage prepaid, to each holder of the Notes at its address set forth in the Register. Any failure of the Security Trustee to give such notice, or any defect therein, shall not, however, in any way impair or affect the validity of any such waiver, consent or supplemental agreement.

*Section 9.4. Opinion of Counsel Conclusive as to Supplemental Security Agreements.* The Security Trustee is hereby authorized to join with the Lessor 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 selected by the Security Trustee (which may be counsel for the Lessor or the Lessee) as conclusive evidence that any supplemental agreement executed pursuant to the provisions of this Section 9 complies with the requirements of this Section 9.

## SECTION 10. MISCELLANEOUS.

*Section 10.1. Successors and Assigns.* Whenever any of the parties hereto is referred to, such reference shall be deemed to include the successors and assigns of such party; and all the covenants, promises and agreements in this Security Agreement contained by or on behalf of the Lessor or by or on behalf of the Security Trustee, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

*Section 10.2. Severability.* Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provisions in any jurisdiction.

*Section 10.3. Communications.* All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or by means of telex, telecopy or other wire transmission, or mailed by registered or certified mail, postage prepaid, or sent by courier, in each case addressed as follows and effective upon receipt:

If to the Lessor:	Security Pacific Equipment Leasing, Inc. Four Embarcadero Center 12th Floor San Francisco, California 94111 Attention: Operations Department - LEV
If to the Security Trustee	State Street Bank and Trust Company of Connecticut, National Association 750 Main Street Hartford, Connecticut 06103 Attention: Corporate Trust Department
If to any holder of Notes:	At its address for notices set forth in the Register
If to the Lessee:	Virginia Electric and Power Company One James River Plaza Richmond, Virginia 23261 Attention: Manager, Transportation Department

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

*Section 10.4. Release.* The Security Trustee shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Secured Indebtedness has been fully paid or discharged.

*Section 10.5. Redemption Premium.*

(a) The "Redemption Premium" shall mean, with respect to a prepayment of the Notes pursuant to Section 4.1(c), an amount equal to the difference of (x) the present value, discounted on a semiannually compounded basis utilizing an interest factor equal to the Reinvestment Yield, of the remaining principal payments (including the payment at final maturity) and the scheduled interest payments on such Notes from the respective dates on which, but for such prepayment, such principal payments and interest payments would have been payable, minus (y) the principal amount of the Notes to be prepaid; *provided, however*, that no Redemption Premium shall be payable after the date corresponding to the weighted average life of the Notes. For purposes hereof, "Reinvestment Yield" shall mean, with respect to the Notes, the lesser of (A) the interest rate then applicable to the Notes, and (B) the sum of .50% plus the arithmetic mean of the two most recent weekly average yields to maturity for actively traded marketable U.S. Treasury fixed interest rate securities (adjusted to constant maturities equal to the remaining Weighted Average Life to Maturity as of the date of the proposed prepayment of the Notes) as published by the Federal Reserve Board in

its Statistical Release H.15 released on the first business day of the week in which the date of such prepayment occurs, or, if such release is not published for such period, of such reasonably comparable index as may be designated by the holders of 66-2/3% of the Notes outstanding for such period. If no possible maturity exactly corresponds to such Weighted Average Life to Maturity, yields for the two most closely corresponding published maturities shall be calculated pursuant to the immediately preceding sentence and the Reinvestment Yield shall be interpolated from such yields on a straight-line basis, rounding in each of the relevant periods to the nearest month. In no event shall the Redemption Premium be less than zero.

(b) "*Weighted Average Life to Maturity*" with respect to the Notes means as at the time of the determination thereof the number of years obtained by dividing the then Remaining Dollar-years of the Notes by the then outstanding principal amounts of the Notes. The term "Remaining Dollar-years" with respect to the Notes means the amount obtained by (1) multiplying the amount of each then remaining principal payment on the Notes (including the principal payment at final maturity), by the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination of the Weighted Average Life to Maturity and the date of that required payment and (2) totaling all the products obtained in (1).

*Section 10.6. Governing Law.* This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the State of Virginia without regard to principles of conflicts of law; *provided, however,* that the Lessor and the Security Trustee shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

*Section 10.7. Counterparts.* This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

*Section 10.8. Headings.* Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Lessor and the Security Trustee have caused this Security Agreement to be executed, as of the day and year first above written.

SECURITY PACIFIC EQUIPMENT  
LEASING, INC.

By Cheryl J. Emerson  
Its Contract Administrator

STATE OF CALIFORNIA        )  
  ) SS  
COUNTY OF SAN FRANCISCO )

On this 7th day of November, 1991, before me personally appeared Cheryl J. Emerson, to me personally known, who being by me duly sworn, says that she is a Contract Administrator of SECURITY PACIFIC EQUIPMENT LEASING, INC. and that said instrument was signed on behalf of said corporation by authority of its Board of Directors; and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[SEAL] 

Joan E. Selby  
Notary Public

My commission expires: January 28, 1994



AMORTIZATION SCHEDULE

DATE OF INSTALLMENT	TOTAL PAYMENT	ALLOCATED TO INTEREST	ALLOCATED TO PRINCIPAL	PRINCIPAL BALANCE
12/12/1991	0.00	0.00	0.00	7,865,380.06
1/12/1992	64,519.94	59,645.80	4,874.14	7,860,505.92
2/12/1992	64,519.94	59,608.84	4,911.10	7,855,594.82
3/12/1992	71,009.59	59,571.59	11,438.00	7,844,156.82
4/12/1992	73,095.02	59,484.86	13,610.16	7,830,546.67
5/12/1992	73,095.02	59,381.65	13,713.37	7,816,833.30
6/12/1992	73,095.02	59,277.65	13,817.36	7,803,015.93
7/12/1992	73,095.02	59,172.87	13,922.14	7,789,093.79
8/12/1992	73,095.02	59,067.29	14,027.72	7,775,066.07
9/12/1992	73,095.02	58,960.92	14,134.10	7,760,931.97
10/12/1992	73,095.02	58,853.73	14,241.28	7,746,690.69
11/12/1992	73,095.02	58,745.74	14,349.28	7,732,341.41
12/12/1992	73,095.02	58,636.92	14,458.09	7,717,883.32
1/12/1993	73,095.02	58,527.28	14,567.73	7,703,315.59
2/12/1993	73,095.02	58,416.81	14,678.21	7,688,637.38
3/12/1993	73,095.02	58,305.50	14,789.52	7,673,847.87
4/12/1993	73,095.02	58,193.35	14,901.67	7,658,946.20
5/12/1993	73,095.02	58,080.34	15,014.67	7,643,931.52
6/12/1993	73,095.02	57,966.48	15,128.53	7,628,802.99
7/12/1993	73,095.02	57,851.76	15,243.26	7,613,559.73
8/12/1993	73,095.02	57,736.16	15,358.85	7,598,200.88
9/12/1993	73,095.02	57,619.69	15,475.33	7,582,725.55
10/12/1993	73,095.02	57,502.34	15,592.68	7,567,132.87
11/12/1993	73,095.02	57,384.09	15,710.92	7,551,421.95
12/12/1993	73,095.02	57,264.95	15,830.07	7,535,591.88
1/12/1994	73,095.02	57,144.91	15,950.11	7,519,641.77
2/12/1994	73,095.02	57,023.95	16,071.07	7,503,570.71
3/12/1994	73,095.02	56,902.08	16,192.94	7,487,377.77
4/12/1994	73,095.02	56,779.28	16,315.73	7,471,062.04
5/12/1994	73,095.02	56,655.55	16,439.46	7,454,622.57
6/12/1994	73,095.02	56,530.89	16,564.13	7,438,058.45
7/12/1994	73,095.02	56,405.28	16,689.74	7,421,368.71
8/12/1994	73,095.02	56,278.71	16,816.30	7,404,552.41
9/12/1994	73,095.02	56,151.19	16,943.83	7,387,608.58
10/12/1994	73,095.02	56,022.70	17,072.32	7,370,536.26
11/12/1994	73,095.02	55,893.23	17,201.78	7,353,334.48
12/12/1994	73,095.02	55,762.79	17,332.23	7,336,002.25
1/12/1995	73,095.02	55,631.35	17,463.66	7,318,538.59
2/12/1995	73,095.02	55,498.92	17,596.10	7,300,942.49
3/12/1995	73,095.02	55,365.48	17,729.53	7,283,212.96
4/12/1995	73,095.02	55,231.03	17,863.98	7,265,348.97
5/12/1995	73,095.02	55,095.56	17,999.45	7,247,349.52
6/12/1995	73,095.02	54,959.07	18,135.95	7,229,213.57
7/12/1995	73,095.02	54,821.54	18,273.48	7,210,940.09
8/12/1995	73,095.02	54,682.96	18,412.05	7,192,528.04
9/12/1995	73,095.02	54,543.34	18,551.68	7,173,976.36
10/12/1995	73,095.02	54,402.65	18,692.36	7,155,284.00

SCHEDULE 1 (to Security Agreement-Trust Deed)

AMORTIZATION SCHEDULE

DATE OF INSTALLMENT	TOTAL PAYMENT	ALLOCATED TO INTEREST	ALLOCATED TO PRINCIPAL	PRINCIPAL BALANCE
11/12/1995	73,095.02	54,260.90	18,834.11	7,136,449.89
12/12/1995	73,095.02	54,118.08	18,976.94	7,117,472.95
1/12/1996	73,095.02	53,974.17	19,120.85	7,098,352.11
2/12/1996	73,095.02	53,829.17	19,265.85	7,079,086.26
3/12/1996	73,095.02	53,683.07	19,411.94	7,059,674.32
4/12/1996	73,095.02	53,535.86	19,559.15	7,040,115.17
5/12/1996	73,095.02	53,387.54	19,707.48	7,020,407.69
6/12/1996	73,095.02	53,238.09	19,856.92	7,000,550.77
7/12/1996	73,095.02	53,087.51	20,007.51	6,980,543.26
8/12/1996	73,095.02	52,935.79	20,159.23	6,960,384.03
9/12/1996	73,095.02	52,782.91	20,312.10	6,940,071.93
10/12/1996	73,095.02	52,628.88	20,466.14	6,919,605.79
11/12/1996	73,095.02	52,473.68	20,621.34	6,898,984.46
12/12/1996	73,095.02	52,317.30	20,777.72	6,878,206.74
1/12/1997	73,095.02	52,159.73	20,935.28	6,857,271.46
2/12/1997	73,095.02	52,000.98	21,094.04	6,836,177.42
3/12/1997	73,095.02	51,841.01	21,254.00	6,814,923.42
4/12/1997	73,095.02	51,679.84	21,415.18	6,793,508.24
5/12/1997	73,095.02	51,517.44	21,577.58	6,771,930.66
6/12/1997	73,095.02	51,353.81	21,741.21	6,750,189.45
7/12/1997	73,095.02	51,188.94	21,906.08	6,728,283.37
8/12/1997	73,095.02	51,022.82	22,072.20	6,706,211.17
9/12/1997	73,095.02	50,855.43	22,239.58	6,683,971.59
10/12/1997	73,095.02	50,686.78	22,408.23	6,661,563.36
11/12/1997	73,095.02	50,516.86	22,578.16	6,638,985.20
12/12/1997	73,095.02	50,345.64	22,749.38	6,616,235.83
1/12/1998	73,095.02	50,173.12	22,921.89	6,593,313.93
2/12/1998	73,095.02	49,999.30	23,095.72	6,570,218.21
3/12/1998	73,095.02	49,824.15	23,270.86	6,546,947.35
4/12/1998	73,095.02	49,647.68	23,447.33	6,523,500.02
5/12/1998	73,095.02	49,469.88	23,625.14	6,499,874.88
6/12/1998	73,095.02	49,290.72	23,804.30	6,476,070.59
7/12/1998	73,095.02	49,110.20	23,984.81	6,452,085.77
8/12/1998	73,095.02	48,928.32	24,166.70	6,427,919.07
9/12/1998	73,095.02	48,745.05	24,349.96	6,403,569.11
10/12/1998	73,095.02	48,560.40	24,534.62	6,379,034.50
11/12/1998	73,095.02	48,374.34	24,720.67	6,354,313.83
12/12/1998	73,095.02	48,186.88	24,908.14	6,329,405.69
1/12/1999	73,095.02	47,997.99	25,097.02	6,304,308.67
2/12/1999	73,095.02	47,807.67	25,287.34	6,279,021.33
3/12/1999	73,095.02	47,615.91	25,479.10	6,253,542.22
4/12/1999	73,095.02	47,422.70	25,672.32	6,227,869.90
5/12/1999	73,095.02	47,228.01	25,867.00	6,202,002.90
6/12/1999	73,095.02	47,031.86	26,063.16	6,175,939.74
7/12/1999	73,095.02	46,834.21	26,260.81	6,149,678.94
8/12/1999	73,095.02	46,635.07	26,459.95	6,123,218.99
9/12/1999	73,095.02	46,434.41	26,660.60	6,096,558.38

SCHEDULE 1 (to Security Agreement-Trust Deed)

AMORTIZATION SCHEDULE

DATE OF INSTALLMENT	TOTAL PAYMENT	ALLOCATED TO INTEREST	ALLOCATED TO PRINCIPAL	PRINCIPAL BALANCE
10/12/1999	73,095.02	46,232.23	26,862.78	6,069,695.60
11/12/1999	73,095.02	46,028.52	27,066.49	6,042,629.11
12/12/1999	73,095.02	45,823.27	27,271.74	6,015,357.37
1/12/2000	73,095.02	45,616.46	27,478.56	5,987,878.81
2/12/2000	73,095.02	45,408.08	27,686.93	5,960,191.88
3/12/2000	73,095.02	45,198.12	27,896.89	5,932,294.98
4/12/2000	51,139.59	44,986.57	6,153.02	5,926,141.97
5/12/2000	73,095.02	44,939.91	28,155.11	5,897,986.86
6/12/2000	73,095.02	44,726.40	28,368.61	5,869,618.25
7/12/2000	49,648.32	44,511.27	5,137.04	5,864,481.20
8/12/2000	73,095.02	44,472.32	28,622.70	5,835,858.50
9/12/2000	73,095.02	44,255.26	28,839.75	5,807,018.75
10/12/2000	49,045.39	44,036.56	5,008.83	5,802,009.92
11/12/2000	73,095.02	43,998.58	29,096.44	5,772,913.48
12/12/2000	89,338.35	43,777.93	45,560.42	5,727,353.05
1/12/2001	57,717.89	43,432.43	14,285.46	5,713,067.60
2/12/2001	89,338.35	43,324.10	46,014.26	5,667,053.34
3/12/2001	89,338.35	42,975.15	46,363.20	5,620,690.14
4/12/2001	43,237.55	42,623.57	613.98	5,620,076.16
5/12/2001	89,338.35	42,618.91	46,719.44	5,573,356.72
6/12/2001	89,338.35	42,264.62	47,073.73	5,526,282.99
7/12/2001	42,313.87	41,907.65	406.22	5,525,876.77
8/12/2001	89,338.35	41,904.57	47,433.79	5,478,442.98
9/12/2001	89,338.35	41,544.86	47,793.49	5,430,649.49
10/12/2001	41,394.37	41,182.43	211.94	5,430,437.55
11/12/2001	89,338.35	41,180.82	48,157.53	5,382,280.01
12/12/2001	89,338.35	40,815.62	48,522.73	5,333,757.29
1/12/2002	40,462.79	40,447.66	15.13	5,333,742.16
2/12/2002	89,338.35	40,447.54	48,890.81	5,284,851.35
3/12/2002	89,338.35	40,076.79	49,261.56	5,235,589.79
4/12/2002	41,058.09	39,703.22	1,354.87	5,234,234.92
5/12/2002	89,338.35	39,692.95	49,645.40	5,184,589.52
6/12/2002	89,338.35	39,316.47	50,021.88	5,134,567.64
7/12/2002	40,088.63	38,937.14	1,151.49	5,133,416.15
8/12/2002	89,338.35	38,928.41	50,409.95	5,083,006.20
9/12/2002	89,338.35	38,546.13	50,792.22	5,032,213.98
10/12/2002	39,104.54	38,160.96	943.58	5,031,270.40
11/12/2002	89,338.35	38,153.80	51,184.55	4,980,085.85
12/12/2002	89,338.35	37,765.65	51,572.70	4,928,513.15
1/12/2003	38,107.49	37,374.56	732.94	4,927,780.21
2/12/2003	89,338.35	37,369.00	51,969.35	4,875,810.86
3/12/2003	89,338.35	36,974.90	52,363.45	4,823,447.41
4/12/2003	37,359.47	36,577.81	781.66	4,822,665.74
5/12/2003	89,338.35	36,571.88	52,766.47	4,769,899.27
6/12/2003	89,338.35	36,171.74	53,166.62	4,716,732.66
7/12/2003	36,333.76	35,768.56	565.20	4,716,167.45
8/12/2003	89,338.35	35,764.27	53,574.08	4,662,593.37

SCHEDULE 1 (to Security Agreement-Trust Deed)

AMORTIZATION SCHEDULE

DATE OF INSTALLMENT	TOTAL PAYMENT	ALLOCATED TO INTEREST	ALLOCATED TO PRINCIPAL	PRINCIPAL BALANCE
9/12/2003	89,338.35	35,358.00	53,980.35	4,608,613.02
10/12/2003	35,294.23	34,948.65	345.58	4,608,267.44
11/12/2003	89,338.35	34,946.03	54,392.32	4,553,875.11
12/12/2003	89,338.35	34,533.55	54,804.80	4,499,070.32
1/12/2004	34,241.02	34,117.95	123.07	4,498,947.25
2/12/2004	89,338.35	34,117.02	55,221.34	4,443,725.91
3/12/2004	89,338.35	33,698.25	55,640.10	4,388,085.81
4/12/2004	33,276.32	33,276.32	0.00	4,388,085.81
5/12/2004	86,425.51	33,276.32	53,149.19	4,334,936.62
6/12/2004	89,338.35	32,873.27	56,465.08	4,278,471.54
7/12/2004	32,445.08	32,445.08	0.00	4,278,471.54
8/12/2004	86,188.28	32,445.08	53,743.20	4,224,728.34
9/12/2004	89,338.35	32,037.52	57,300.83	4,167,427.51
10/12/2004	31,602.99	31,602.99	0.00	4,167,427.51
11/12/2004	85,960.11	31,602.99	54,357.12	4,113,070.39
12/12/2004	89,338.35	31,190.78	58,147.57	4,054,922.83
1/12/2005	66,865.04	30,749.83	36,115.20	4,018,807.62
2/12/2005	89,338.35	30,475.96	58,862.39	3,959,945.23
3/12/2005	89,338.35	30,029.58	59,308.77	3,900,636.46
4/12/2005	89,338.35	29,579.83	59,758.53	3,840,877.94
5/12/2005	89,338.35	29,126.66	60,211.69	3,780,666.24
6/12/2005	89,338.35	28,670.05	60,668.30	3,719,997.94
7/12/2005	89,338.35	28,209.98	61,128.37	3,658,869.57
8/12/2005	89,338.35	27,746.43	61,591.92	3,597,277.65
9/12/2005	89,338.35	27,279.36	62,059.00	3,535,218.65
10/12/2005	89,338.35	26,808.74	62,529.61	3,472,689.04
11/12/2005	89,338.35	26,334.56	63,003.79	3,409,685.25
12/12/2005	89,338.35	25,856.78	63,481.57	3,346,203.68
1/12/2006	89,338.35	25,375.38	63,962.97	3,282,240.70
2/12/2006	89,338.35	24,890.33	64,448.03	3,217,792.68
3/12/2006	89,338.35	24,401.59	64,936.76	3,152,855.92
4/12/2006	89,338.35	23,909.16	65,429.19	3,087,426.73
5/12/2006	89,338.35	23,412.99	65,925.37	3,021,501.36
6/12/2006	89,338.35	22,913.05	66,425.30	2,955,076.06
7/12/2006	89,338.35	22,409.33	66,929.03	2,888,147.03
8/12/2006	89,338.35	21,901.78	67,436.57	2,820,710.46
9/12/2006	89,338.35	21,390.39	67,947.96	2,752,762.50
10/12/2006	89,338.35	20,875.12	68,463.24	2,684,299.26
11/12/2006	89,338.35	20,355.94	68,982.42	2,615,316.85
12/12/2006	89,338.35	19,832.82	69,505.53	2,545,811.32
1/12/2007	89,338.35	19,305.74	70,032.62	2,475,778.70
2/12/2007	89,338.35	18,774.66	70,563.70	2,405,215.00
3/12/2007	89,338.35	18,239.55	71,098.80	2,334,116.20
4/12/2007	89,338.35	17,700.38	71,637.97	2,262,478.23
5/12/2007	89,338.35	17,157.13	72,181.23	2,190,297.00
6/12/2007	89,338.35	16,609.75	72,728.60	2,117,568.40
7/12/2007	89,338.35	16,058.23	73,280.12	2,044,288.28

SCHEDULE 1 (to Security Agreement-Trust Deed)

AMORTIZATION SCHEDULE

DATE OF INSTALLMENT	TOTAL PAYMENT	ALLOCATED TO INTEREST	ALLOCATED TO PRINCIPAL	PRINCIPAL BALANCE
8/12/2007	89,338.35	15,502.52	73,835.83	1,970,452.44
9/12/2007	89,338.35	14,942.60	74,395.75	1,896,056.69
10/12/2007	89,338.35	14,378.43	74,959.92	1,821,096.77
11/12/2007	89,338.35	13,809.98	75,528.37	1,745,568.40
12/12/2007	89,338.35	13,237.23	76,101.12	1,669,467.28
1/12/2008	89338.35	12660.13	76678.23	1592789.05
2/12/2008	89338.35	12078.65	77259.7	1515529.35
3/12/2008	89338.35	11492.76	77845.59	1437683.76
4/12/2008	89338.35	10902.44	78435.92	1359247.84
5/12/2008	89338.35	10307.63	79030.72	1280217.12
6/12/2008	89338.35	9708.31	79630.04	1200587.08
7/12/2008	89338.35	9104.45	80233.9	1120353.18
8/12/2008	89338.35	8496.01	80842.34	1039510.84
9/12/2008	89338.35	7882.96	81455.39	958055.45
10/12/2008	89338.35	7265.25	82073.1	875982.35
11/12/2008	89338.35	6642.87	82695.49	793286.87
12/12/2008	89338.35	6015.76	83322.59	709964.27
1/12/2009	89338.35	5383.9	83954.46	626009.82
2/12/2009	89338.35	4747.24	84591.11	541418.71
3/12/2009	89338.35	4105.76	85232.59	456186.11
4/12/2009	89338.35	3459.41	85878.94	370307.17
5/12/2009	89338.35	2808.16	86530.19	283776.98
6/12/2009	89338.35	2151.98	87186.38	196590.61
7/12/2009	89338.35	1490.81	87847.54	108743.07
8/12/2009	89338.35	824.63	88513.72	20229.35
9/12/2009	20382.75	153.41	20229.35	0
10/12/2009	0	0	0	0
11/12/2009	0	0	0	0

SCHEDULE 1 (to Security Agreement-Trust Deed)

## DESCRIPTION OF ITEMS OF EQUIPMENT

IDENTIFYING MARKS AND NUMBERS*	NUMBER OF CARS	DESCRIPTION	ORIGINAL EQUIPMENT COST PER UNIT	TOTAL ORIGINAL EQUIPMENT COST
VAPX 91001- VAPX 91300	300	3,805 cubic foot steel triple pocket coal hopper rail cars with fixed couplers	\$41,360	\$12,408,000

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\* All numbers inclusive

SCHEDULE 2  
(to Security Agreement-Trust Deed)

SECURITY PACIFIC EQUIPMENT LEASING, INC.,

9.10% NON-RECOURSE SECURED NOTE  
Due September \_\_\_\_, 2009

No. R- \_\_\_\_\_, 1991

\$

FOR VALUE RECEIVED, the undersigned, SECURITY PACIFIC EQUIPMENT LEASING, INC., a Delaware corporation, (the "*Lessor*"), promises to pay to

or registered assigns,  
the principal sum of

DOLLARS (\$\_\_\_\_\_)

together with interest from the date hereof until maturity at the rate of 9.10% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months, actual elapsed days for any partial month) on the unpaid principal hereof, in installments as follows:

(i) two hundred twelve (212) installments in the respective amounts set forth in the amortization schedule attached hereto, payable on January \_\_\_\_, 1992 and on the \_\_\_\_ day of each month thereafter to and including August \_\_\_\_, 2009; followed by

(ii) A final installment on September \_\_\_\_, 2009 in the amount equal to the entire principal and interest remaining unpaid hereunder as of said date;

and to pay interest on overdue principal and (to the extent legally enforceable) on overdue interest at the rate of 11.10% per annum after maturity, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in such coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 9.10% Non-Recourse Secured Notes of the Lessor (the "*Notes*") which are issued under and equally and ratably secured by that certain Security Agreement-Trust Deed dated as of November 1, 1991 (the "*Security Agreement*") from the Lessor to State Street Bank and Trust Company of Connecticut, National Association, as security trustee (the "*Security Trustee*"). Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Security Trustee, the holder or holders of the Notes and of the Lessor in respect thereof. The

EXHIBIT A  
(to Security Agreement-Trust Deed)

aggregate principal amount of all Notes to be issued under the Participation Agreement and the Security Agreement shall not exceed \$7,865,380.06.

Certain prepayments are required to be made on this Note and the other Notes outstanding under the Security Agreement. The Lessor agrees to make the required prepayments on the Notes in accordance with the provisions of the Security Agreement. Neither any prepayment of any Notes nor any purchase by the Lessor of any Notes may be made except to the extent and in the manner expressly permitted by the Security Agreement.

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

This Note is a registered Note and is transferable only by surrender thereof at the principal office of the Security Trustee, duly endorsed or accompanied by a written instrument of transfer, duly executed by the registered holder of this Note or his attorney duly authorized in writing. Any transferee of this Note shall be bound by the representations set forth in Section 3.4 of the Participation Agreement.

This Note and the Security Agreement are governed by and construed in accordance with the laws of the State of Virginia.

Anything in this Note to the contrary notwithstanding, neither the Security Trustee nor the holder hereof nor their respective successors or assigns shall have any claim, remedy or right to proceed (at law or in equity) against the Lessor in its individual corporate capacity or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, agent, employee, officer or director of the Lessor, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any penalty or assessment or otherwise, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by this Note from any source other than the property mortgaged or assigned by the Lessor as security for the Notes; and the Security Trustee and the holder hereof by its acceptance hereof, waive and release any personal liability of the Lessor in its individual corporate capacity and any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, agent, employee, officer or director of the Lessor for and on account of such indebtedness and the Security Trustee and the holder of this Note agree to look solely to the property mortgaged or assigned by the Lessor as security therefor for the payment of said indebtedness; *provided, however*, nothing herein contained shall limit, restrict or impair the rights of the Security Trustee to accelerate the maturity of this Note upon an Event of Default under the Security Agreement; to bring suit and obtain a judgment against the Lessor on the Notes (*provided* that the Lessor shall not have any personal liability on any such judgment and the satisfaction thereof shall be limited to the property mortgaged or assigned by the Lessor as security therefor, including any interest therein of the Lessor); to exercise all rights and remedies provided under the Security Agreement or otherwise realize upon the property mortgaged or assigned by the Lessor as security for the Notes; or to bring suit and obtain a judgment against the Lessor for damages resulting from the willful misconduct of the Lessor. It being understood and

agreed that, except as set forth in the immediately preceding sentence, the Lessor shall not be subject to personal liability for any of its undertakings set forth in this Note.

IN WITNESS WHEREOF, the Lessor has caused this Note to be duly executed.

SECURITY PACIFIC EQUIPMENT  
LEASING, INC.

By \_\_\_\_\_  
Its

## GUARANTEE

GUARANTEE, dated as of November 1, 1991 by State Street Bank and Trust Company, a Massachusetts corporation (the "Guarantor"), to and for the benefit of each person listed on Schedule I hereto (collectively, together with their permitted successors and assigns, the "Beneficiaries" and, individually, a "Beneficiary").

### WITNESSETH:

WHEREAS, State Street Bank and Trust Company of Connecticut, National Association, a wholly-owned subsidiary of the Guarantor (the "Subsidiary"), wishes to act pursuant to the agreements listed on Schedule II hereto (as amended, modified or supplemented from time to time, the "Agreements");

WHEREAS, the Beneficiaries are willing to have the Subsidiary act under the Agreements provided that the Guarantor executes and delivers this Guarantee;

WHEREAS, the Guarantor has determined that the execution and delivery by it of this Guarantee is necessary in order to conduct, promote and attain the business of the Subsidiary and the Guarantor;

NOW, THEREFORE, the Guarantor hereby agrees with and for the benefit of the Beneficiaries as follows:

1. Guarantee.

(a) The Guarantor hereby guarantees to the Beneficiaries the prompt and complete payment by the Subsidiary when due of, and the faithful performance of, and compliance with, all payment obligations of the Subsidiary under the Agreements and each other document referred to therein to which the Subsidiary is a party or by which the Subsidiary is bound (collectively, the "Relevant Documents"), in accordance with the terms thereof and the timely performance of all other obligations of the Subsidiary thereunder (such payment and other obligations, the "Obligations"). In no event, however, shall the agreement contained herein be construed to constitute a guarantee of any amount due (i) under any note or other similar instrument issued under the Relevant Documents or any other payment due under any Relevant Document other than as set forth herein, or (ii) with respect to acts or events occurring after such time, if any, that the Subsidiary ceases to be a party to the Relevant

Documents. The agreement contained herein shall be enforceable against the Guarantor, notwithstanding the fact that the Subsidiary has ceased to be a party to the Relevant Documents, provided, that the events or acts which give rise to such claim or claims against the Guarantor occurred at such time as the Subsidiary was a party to the Relevant Documents.

(b) No payment or payments made by the Subsidiary, the Guarantor, any other guarantor or any other person or received or collected by any Beneficiary from the Subsidiary, the Guarantor, any other guarantor or any other person by virtue of any action or proceeding or any set-off or appropriation or application at any time or from time to time in reduction of or in payment of the Obligations shall be deemed to modify, reduce, release or otherwise affect the liability of the Guarantor hereunder (except to the extent of such payment) until the Obligations are paid and performed in full.

(c) If for any reason any Obligation to be performed or observed by the Subsidiary shall not be observed or performed, or if any amount payable by the Subsidiary referred to in Section 1(a) hereof shall not be paid when due and payable, the Guarantor shall promptly perform or observe or cause to be performed or observed each such Obligation or undertaking and shall forthwith pay such amount or observe or perform such Obligation at the place and to the person or entity entitled thereto pursuant to the Relevant Documents.

2. Amendments, etc., with respect to the Obligations; Waiver of Rights. The Guarantor shall remain obligated hereunder notwithstanding that, without any reservation of rights against the Guarantor and without notice to or further assent by the Guarantor, any demand for payment or observance or performance of any of the Obligations made by any Beneficiary may be rescinded by such party and any of the Obligations continued, and the Obligations, or the liability of any other party upon or for any part thereof, or any collateral security or guarantee therefor or right of offset with respect thereto, may, from time to time, in whole or in part, be renewed, extended, amended, modified, accelerated, compromised, waived, surrendered or released by any Beneficiary and any Relevant Document and/or any collateral security document or other guarantee or document in connection therewith, may be amended, modified, supplemented or terminated, in whole or in part, as the parties thereto may deem advisable from time to time, and any collateral security, guarantee or right of offset at any time held by any Beneficiary for the payment or observance or performance of the Obligations may be sold, exchanged, waived, surrendered or released.

3. Guarantee Absolute and Unconditional. The Guarantor understands and agrees that this Guarantee shall be construed as a continuing, absolute and unconditional guarantee

of payment and performance (and not merely of collection) without regard to (a) any defense, set-off or counterclaim (other than a defense of payment or performance) that may at any time be available to or be asserted by the Subsidiary against any Beneficiary, (b) the validity or enforceability of any Relevant Document against the Subsidiary, or (c) any other circumstances whatsoever (with or without notice to or knowledge of the Subsidiary or the Guarantor) that constitutes, or might be construed to constitute, an equitable or legal discharge of the Subsidiary for the Obligations, or of the Guarantor under this Guarantee, in bankruptcy or in any other instance (other than a discharge of such Obligations through payment or performance). When pursuing its rights and remedies hereunder against the Guarantor, any Beneficiary may, but shall be under no obligation to, pursue such rights and remedies as it may have against the Subsidiary or any other person or entity or against any collateral security or guarantee for the Obligations or any right of offset with respect thereto, and any failure by any Beneficiary to pursue such other rights or remedies or to collect any payments from the Subsidiary or any such other person or entity or to realize upon any such collateral security or guarantee or to exercise any such right of offset, or any release of the Subsidiary or any such other person or entity or any such collateral security, guarantee or right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of law, of any Beneficiary against the Guarantor. This Guarantee shall remain in full force and effect and be binding in accordance with and to the extent of its terms upon the Guarantor and the successors and assigns thereof, and shall inure to the benefit of the Beneficiaries, and their respective successors, transferees and assigns, until all of the Obligations and the obligations of the Guarantor under this Guarantee shall have been satisfied by payment and performance in full. The Guarantor further agrees to pay all expenses (including, without limitation, all reasonable fees and disbursements of counsel) that may be paid or incurred by the Beneficiaries in enforcing any rights with respect to, or collecting, any or all of the Obligations and/or enforcing any rights with respect to, or collecting against, the Guarantor under this Guarantee.

4. Representations and Warranties. The Guarantor hereby represents and warrants that:

(a) the Guarantor is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation;

(b) the Guarantor has the corporate power and authority and the legal right to execute and deliver, and to perform its obligations under, this Guarantee,

and has taken all necessary corporate action to authorize its execution, delivery and performance of this Guarantee;

(c) this Guarantee constitutes a legal, valid and binding obligation of the Guarantor enforceable in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights generally;

(d) the execution, delivery and performance of the Guarantee and compliance by the Guarantor with all of the provisions thereof do not and will not contravene (i) any provision of any requirement of law or any order known to the Guarantor of any court or governmental authority or agency applicable to or binding on the Guarantor, (ii) any contractual obligations of the Guarantor, or (iii) any of the provisions of the charter documents or By-laws of the Guarantor;

(e) no consent or authorization of, filing with, or other act by or in respect of, any arbitrator or governmental authority and no consent of any other person (including, without limitation, any stockholder or creditor of the Guarantor) is required in connection with the execution, delivery, performance, validity or enforceability of this Guarantee;

(f) the Guarantor is a bank with a combined capital and surplus of at least \$500,000,000, as determined in accordance with generally accepted accounting principles;

(g) the Guarantor owns all of the capital stock of the Subsidiary; and

(h) there are no proceedings pending or, to the knowledge of the Guarantor, threatened, and to its knowledge there is no existing basis for any such proceedings, against or affecting the Guarantor in or before any court or before any governmental authority or arbitration board or tribunal which, if adversely determined, might restrict the Guarantor's corporate power and authority, or impair its ability, to perform its obligations under the Guarantee.

5. Reinstatement. The Guarantor agrees that this Guarantee shall be automatically reinstated with respect to any payment made prior to the termination of this Guarantee by or on behalf of the Subsidiary pursuant to any Relevant Document to

which the Subsidiary is a party if and to the extent that such payment is rescinded or must be otherwise restored, whether as a result of any proceedings in bankruptcy or reorganization or otherwise.

6. Miscellaneous. None of the terms or provisions of this Guarantee may be waived, amended or supplemented or otherwise modified except by a written instrument executed by the Guarantor and each of the Beneficiaries. This Guarantee shall be binding upon the successors and assigns of the Guarantor and shall inure to the benefit of the Beneficiaries and their respective successors, transferees and assigns. THIS GUARANTEE SHALL BE GOVERNED BY AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH THE LAW OF THE COMMONWEALTH OF MASSACHUSETTS. All notices, requests and demands to or upon the Guarantor or any Beneficiary to be effective shall be in writing or by telecopy and, unless otherwise expressly provided herein, shall be deemed to have been duly given or made when delivered by hand, or, in the case of mail, three days after deposit in the postal system, first class postage pre-paid, or, in the case of telegraphic notice, when sent, answerback received, addressed to (a) in the case of the Guarantor, 225 Franklin Street, Boston MA 02101; Telecopy No. (617) 654-4266, and (b) in the case of any Beneficiary, the address provided for such party in the Relevant Documents, or at such other address as such person may provide to the Guarantor in writing.

IN WITNESS WHEREOF, the undersigned has caused this Guarantee to be duly executed and delivered by its duly authorized officer as of the day and the year first above written.

STATE STREET BANK AND TRUST COMPANY

By: \_\_\_\_\_  
Name:  
Title:

SCHEDULE I

Virginia Electric and Power Company

Security Pacific Equipment Leasing, Inc.

The Minnesota Mutual Life Insurance Company

Mutual Trust Life Insurance Company

The Reliable Life Insurance Company

MIMLIC Funding, Inc.

National Travelers Life Company

Texas Life Insurance Company

Each other holder from time to time of the  
Notes (as defined in the Security Agreement-  
Trust Deed described in Schedule II of the  
Guarantee)

SCHEDULE II

Participation Agreement dated as of November 1, 1991, among Virginia Electric and Power Company, as Lessee; Security Pacific Equipment Leasing, Inc., as Lessor (the "Lessor"); State Street Bank and Trust Company of Connecticut, National Association, as Security Trustee (the "Security Trustee"); and the Note Purchasers named therein.

Security Agreement-Trust Deed dated as of November 1, 1991 from the Lessor to the Security Trustee.