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July 13, 2006

BY HAND DELIVERY

The Honorable Vernon A. Williams
Secretary
Surface Transportation Board
1925 K Street NW, Suite 700
Washington, D.C. 20423

Re: Recordation Pursuant to 49 U.S.C. § 11301

Dear Secretary Williams:

Enclosed for filing and recordation pursuant to 49 U.S.C. § 11301 and the Board's regulations at 49 C.F.R. § 1177 are two executed originals of the following document:

A Pledge and Security Agreement (the "First Lien Security Agreement") dated July 7, 2006 by COLETO CREEK POWER, LP; COLETO GP, LLC; COLETO LP, LLC; ANP COLETO GP HOLDING, LLC; ANP COLETO LP HOLDING, LLC; and CREDIT SUISSE, ACTING THROUGH ITS CAYMAN ISLANDS BRANCH ("CREDIT SUISSE"), granting CREDIT SUISSE a First Lien security interest in five hundred and seventy-one aluminum gondola coal cars.

The First Lien Security Agreement is a primary document under 49 C.F.R. § 1177.1(a).

The names and addresses of the parties to the First Lien Security Agreement are as follows:

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Collateral Agent:

CREDIT SUISSE, ACTING THROUGH
ITS CAYMAN ISLANDS BRANCH
Eleven Madison Avenue
New York, New York 10010

Grantors:

COLETO CREEK POWER, LP
62 Forest Street, Suite 102
Marlborough, MA 01752

COLETO GP, LLC
62 Forest Street, Suite 102
Marlborough, MA 01752

COLETO LP, LLC
62 Forest Street, Suite 102
Marlborough, MA 01752

ANP COLETO GP HOLDING, LLC
62 Forest Street, Suite 102
Marlborough, MA 01752

ANP COLETO LP HOLDING, LLC
62 Forest Street, Suite 102
Marlborough, MA 01752

A description of the equipment covered by the First Lien Security Agreement is as follows: Five hundred and seventy-one (571) aluminum gondola coal cars bearing CCTX car marks and numbers as set forth in Schedule A attached to this letter.

The short summary of the First Lien Security Agreement for indexing purposes is as follows:

The Honorable Vernon A. Williams
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A Pledge and Security Agreement dated July 7, 2006 by COLETO CREEK POWER, LP; COLETO GP, LLC; COLETO LP, LLC; ANP COLETO GP HOLDING, LLC; ANP COLETO LP HOLDING, LLC; and CREDIT SUISSE, ACTING THROUGH ITS CAYMAN ISLANDS BRANCH ("CREDIT SUISSE") granting CREDIT SUISSE a First Lien security interest in five hundred and seventy-one (571) CCTX-series aluminum gondola coal cars.

We request that you charge our STB account in the amount of the requisite filing fee. The bearer of this letter will provide that account number to you. Please accept for recordation one original First Lien Security Agreement, stamp the other executed original with your recordation number, and return the stamped original to the bearer of this letter along with your fee receipt addressed to the undersigned.

Thank you for your attention to this matter.

Sincerely,

A handwritten signature in black ink that reads "Andrew B. Kolesar III". The signature is written in a cursive style with a horizontal line at the end.

Andrew B. Kolesar III
An Attorney for Credit Suisse, acting
through its Cayman Islands Branch

Enclosures

SCHEDULE A

RAILCARS

OWNED RAILCARS

Five hundred and seventy-one (571) aluminum gondola coal cars owned by Coletto Creek Power, LP and bearing the following car marks and numbers:

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SURFACE TRANSPORTATION BOARD
EXECUTION VERSION

PLEDGE AND SECURITY AGREEMENT

This PLEDGE AND SECURITY AGREEMENT, dated as of July 7, 2006 (as amended, supplemented, amended and restated or otherwise modified from time to time, this "Security Agreement"), is made by ANP COLETO GP HOLDING, LLC, a Delaware limited liability company ("GP Holding"), ANP COLETO LP HOLDING, LLC, a Delaware limited liability company ("LP Holding") and together with GP Holding, (the "Parent Holdcos"), COLETO GP, LLC, a Delaware limited liability company ("GP"), COLETO LP, LLC, a Delaware limited liability company ("LP" and together with GP, the "Holdcos"), COLETO CREEK POWER, LP, a Texas limited partnership (the "Company" and together with the Parent Holdcos and the Holdcos, the "Initial Grantors"), and each other Grantor, (capitalized terms used herein without definition shall have the respective meaning assigned in Article I) from time to time party hereto, in favor of CREDIT SUISSE, acting through its Cayman Islands Branch, as collateral agent (in such capacity and, together with its successors and assigns, the "Collateral Agent").

WITNESSETH:

WHEREAS, pursuant to the terms, conditions and provisions of the Credit Agreement (First Lien), dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement"), among the Company, as Subsequent Borrower, the Holdcos, as Initial Borrowers and Guarantors, the various financial institutions and other Persons from time to time parties thereto as lenders (the "Lenders"), Credit Suisse, acting through its Cayman Islands Branch, as administrative agent for the Lenders (the "Administrative Agent"), and the other agents party thereto, the Lenders have agreed to make Loans to, and to issue and/or participate in Letters of Credit for the account of, the Initial Borrowers on the Closing Date and for the account of the Subsequent Borrower on the date that the Subsequent Borrower assumes any and all obligations of the Initial Borrowers pursuant to the Borrower Assignment and Assumption Agreement and from time to time thereafter;

WHEREAS, the Company has entered into (i) the J. Aron Power Hedge with the JA Counterparty and (ii) the CS Gas Hedge with the CS Counterparty;

WHEREAS, pursuant to the Credit Agreement, the Company is obligated to enter into one or more Interest Rate Hedging Agreements;

WHEREAS, the Holdcos have unconditionally guaranteed the Credit Facility Obligations;

WHEREAS, the Grantors intend to secure the Credit Facility Obligations and the Hedging Obligations on a first priority basis with Liens on all future and present Collateral to the extent that such Liens have been provided for in the applicable Security Documents; and

WHEREAS, the Initial Grantors, the Administrative Agent, the JA Counterparty, the CS Counterparty and the Collateral Agent, have entered into a Collateral Agency and Intercreditor Agreement, dated as of the date hereof (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Collateral Agency and Intercreditor Agreement"); and

WHEREAS, as a condition precedent to the making of the credit extensions under the Credit Agreement and the entry into Interest Rate Hedging Agreements by Lenders or Affiliates of the Lenders, each Grantor is required to execute and deliver this Security Agreement.

NOW, THEREFORE, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, each Grantor agrees, for the benefit of each Secured Party, as follows:

ARTICLE I DEFINITIONS

SECTION 1.1. Certain Terms. The following terms (whether or not underscored) when used in this Security Agreement, including its preamble and recitals, shall have the following meanings (such definitions to be equally applicable to the singular and plural forms thereof):

"Administrative Agent" is defined in the preamble.

"Agreement Collateral" means each of the agreements listed on Schedule VIII to the Credit Agreement (as such schedule may be amended from time to time), and each Hedge Agreement to which each Grantor is now or may hereafter become a party, in each case as such agreements may be amended, amended and restated, supplemented or otherwise modified from time to time (collectively, the "Assigned Agreements"), including, without limitation, (i) all rights of each Grantor to receive moneys due and to become due under or pursuant to the Assigned Agreements, (ii) all rights of each Grantor to receive proceeds of any insurance, indemnity, warranty or guaranty with respect to the Assigned Agreements, (iii) claims of each Grantor for damages arising out of or for breach of or default under the Assigned Agreements and (iv) the right of each Grantor to terminate the Assigned Agreements, to perform thereunder and to compel performance and otherwise exercise all remedies thereunder.

"Arrangers" means Credit Suisse Securities (USA) LLC and Goldman Sachs Credit Partners L.P.

"Borrower" means (a) at all times prior to the effectiveness of the Borrower Assignment and Assumption Agreement, each Holdco (the "Initial Borrower") and (b) at the time of the effectiveness of the Borrower Assignment and Assumption Agreement and at all times thereafter, the Company (the "Subsequent Borrower").

"Borrower Account" means account number 077250-005 of the Borrower established at Wilmington Trust and entitled the "Coletto Creek Borrower Account for the benefit of Credit Suisse, as First Lien Collateral Agent" (together with any successor accounts).

“Capital Expenditures Reserve Account” means account number 077250-006 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Capital Expenditure Reserves Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Capital Securities” means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) of such Person’s capital, whether now outstanding or issued after the Closing Date, including common shares, preferred shares, membership interests in a limited liability company, limited or general partnership interests in a partnership or any other equivalent of such ownership interest, and including any options, warrants or similar rights to purchase any of the foregoing.

“Closing Date” means the date the initial loans under the Credit Agreement were made.

“Collateral” is defined in Section 2.1.

“Collateral Account” is defined in clause (b) of Section 4.3.

“Commodity Hedge Agreements” means any agreement (including each confirmation entered into pursuant to any master agreement) providing for swaps, caps, collars, puts, calls, floors, futures, options, spots, forwards, power purchase or sale agreements (including Power Purchase Agreements), commercial or trading agreements, each with respect to, or involving the purchase, distribution, sale or hedge of, any energy or generation capacity, or any other energy related commodity or service, price or price indices for any such commodities or services or any other similar derivative agreements, and any other similar agreements, entered into in the ordinary course of business in order to manage fluctuations in the price or availability of such commodities or services.

“Computer Hardware and Software Collateral” means:

(a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, including all operating system software, utilities and application programs in whatsoever form;

(b) all software programs (including both source code, object code and all related applications and data files), designed for use on the computers and electronic data processing hardware described in clause (a) above;

(c) all firmware associated therewith;

(d) all documentation (including flow charts, logic diagrams, manuals, guides, specifications, training materials, charts and pseudo codes) with respect to such hardware, software and firmware described in the preceding clauses (a) through (c); and

(e) all rights with respect to all of the foregoing, including copyrights, licenses, options, warranties, service contracts, program services, test rights, maintenance rights, support rights, improvement rights, renewal rights and indemnifications and any substitutions, replacements, improvements, error corrections, updates, additions or model conversions of any of the foregoing.

“Control Agreement” means an authenticated record, in form and substance reasonably satisfactory to the Collateral Agent, which provides for the Collateral Agent to have “control” (as defined in the UCC) over any applicable Investment Property (including Securities Accounts) or Deposit Accounts.

“Copyright Collateral” means all copyrights of the Grantors, registered or unregistered and whether published or unpublished, now or hereafter in force throughout the world including all of the Grantors’ rights, titles and interests in and to all copyrights registered in the U.S. Copyright Office or anywhere else in the world and also including the copyrights referred to in Item A of Schedule V, and registrations and recordings thereof and all applications for registration thereof, whether pending or in preparation, all copyright licenses, including each copyright license referred to in Item B of Schedule V, the right to sue for past, present and future infringements of any of the foregoing, all rights corresponding thereto, all extensions and renewals of any thereof and all Proceeds of the foregoing, including licenses, royalties, income, payments, claims, damages and Proceeds of suit, which are owned or licensed by the Grantors.

“Credit Agreement” is defined in the first recital.

“Credit Facility Obligations” means all Obligations of each Obligor arising under or in connection with the Credit Agreement or a Loan Document including all Obligations with respect to any Incremental Facility (as defined in the Credit Agreement).

“CS Counterparty” means Credit Suisse Energy, LLC, and its permitted successors and assigns, as Counterparty under the CS Gas Hedge.

“CS Gas Hedge” means the natural gas hedge agreement evidenced by the Master Agreement dated April 18, 2006, between the Parent and Credit Suisse Energy, LLC, the Schedule thereto and the Confirmation dated April 20, 2006 thereunder, in each case as assigned by the Parent to the Company, together with the guaranty of Credit Suisse (USA), Inc. with respect thereto as amended or otherwise modified in accordance with the terms thereof and the respective terms of the Credit Agreement and the Second Lien Credit Agreement.

“Debt Default” means, with respect to any Series of Debt, any event or condition which, under the terms of any credit agreement, hedge agreement or other agreement governing such Series of Debt, causes, or permits holders of such Debt outstanding thereunder to cause, the Debt outstanding thereunder to become immediately due and payable. For the avoidance of doubt, (i) an “Event of Default”, as such term is defined in the Credit Agreement, shall constitute a Debt Default with respect to the Series of Debt evidenced by the Credit Agreement, (ii) a “Termination Event”, “Event of Default” or “Additional Termination Event”, as such terms are defined in the J. Aron Power Hedge, shall constitute a Debt Default with respect to the Series of Debt evidenced by the J. Aron Power Hedge, (iii) a “Termination Event”, “Event of Default” or

“Additional Termination Event”, as such terms are defined in the CS Gas Hedge, shall constitute a Debt Default with respect to the Series of Debt evidenced by the CS Gas Hedge and (iv) a “Termination Event”, as such term is defined in the Interest Rate Hedge Agreement entered into by the Company pursuant to the Credit Agreement, shall constitute a Debt Default with respect to the Series of Debt evidenced by such Interest Rate Hedge Agreement.

“Debt Documents” means, collectively, the Loan Documents, the Hedge Agreements and each other agreement governing any Series of Debt and the Security Documents.

“Debt Termination Date” means the date on which the Discharge of the Obligations shall occur.

“Depository Bank” means Wilmington Trust, as depository bank under the Depository Agreement dated as of the date hereof among the Borrower, the Collateral Agent and the Depository Bank, as amended, supplemented, amended and restated or otherwise modified from time to time.

“Discharge of Obligations” means the occurrence of all of the following:

(a) termination or expiration of all commitments of lenders to extend credit that would constitute Debt;

(b) payment in full in cash and discharge of the principal of and interest and premium (if any) on all Debt (other than any undrawn letters of credit);

(c) termination, expiration or Cash Collateralization of all outstanding letters of credit issued under a Debt Document; and

(d) payment in full in cash and discharge of all other Obligations (including all Credit Facility Obligations and Hedging Obligations) that are outstanding and unpaid at the time the Debt is paid in full and discharged (other than any inchoate indemnity obligations that expressly survive the termination of underlying Debt Documents).

“Disposition” (or similar words such as “Dispose”) means, with respect to any Person, any sale, transfer, lease, contribution or other conveyance (including by way of merger) of, or the granting of options, warrants or other rights to, any of such Person’s or its Subsidiaries’ assets (including accounts receivables and Capital Securities of Subsidiaries) to any other Person in a single transaction or series of related transactions.

“Distributions” means all dividends paid on Capital Securities, liquidating dividends paid on Capital Securities, shares (or other designations) of Capital Securities resulting from (or in connection with the exercise of) stock splits, reclassifications, warrants, options, non-cash dividends, mergers, consolidations, and all other distributions (whether similar or dissimilar to the foregoing) on or with respect to any Capital Securities constituting Collateral.

“Excess Cash Flow Reserve Account” means account number 077250-007 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Excess Cash Flow Reserves Account for the benefit of Credit Suisse, as Collateral Agent”.

“Filing Statements” is defined in clause (b) of Section 3.7.

“General Intangibles” means all “general intangibles” and all “payment intangibles”, each as defined in the UCC, and shall include all Agreement Collateral, interest rate or currency protection or hedging arrangements, all tax refunds, all licenses, permits, concessions and authorizations and all Intellectual Property Collateral (in each case, regardless of whether characterized as general intangibles under the UCC).

“Grantors” means the Company, the Holdcos, the Parent Holdcos and each other Person (if any) that at any time provides collateral security for any Secured Obligations.

“Hedge Agreements” means the Specified Hedge Agreements and the Interest Rate Hedge Agreements.

“Hedging Obligations” means, with respect to any Person, all Obligations of such Person under Hedge Agreements.

“Initial Grantors” is defined in the preamble.

“Initial Hedge Agreements” means the CS Gas Hedge and the J. Aron Power Hedge.

“Insolvency or Liquidation Proceeding” means:

(a) any case commenced by or against any Grantor under Title 11, U.S. Code or any similar federal or state law for the relief of debtors, any other proceeding for the reorganization, recapitalization or adjustment or marshalling of the assets or liabilities of any Grantor, any receivership or assignment for the benefit of creditors relating to any Grantor or any similar case or proceeding relative to any Grantor or its creditors, as such, in each case whether or not voluntary;

(b) any liquidation, dissolution, marshalling of assets or liabilities or other winding up of or relating to any Grantor, in each case whether or not voluntary and whether or not involving bankruptcy or insolvency; or

(c) any other proceeding of any type or nature in which substantially all claims of creditors of any Grantor are determined and any payment or distribution is or may be made on account of such claims.

“Intellectual Property Collateral” means, collectively, the Computer Hardware and Software Collateral, the Copyright Collateral, the Patent Collateral, the Trademark Collateral and the Trade Secrets Collateral.

“Interest Payment Account” means account number 077250-009 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Interest Payment Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Interest Rate Hedging Agreement” means any interest rate swap, cap, collar or similar arrangement designed to protect the Company against fluctuations in interest rates with respect

to the term loans under the Credit Agreement enter into with a Counterparty that is (or, at the time such agreement was entered into, was) the Administrative Agent, a Lender, an Arranger or an Affiliate of a Lender, an Affiliate of the Administrative Agent or an Affiliate of an Arranger, as amended, supplemented, amended and restated or otherwise modified from time to time in accordance with its terms.

“J. Aron Power Hedge” means the power hedge agreement evidenced by the Master Agreement dated June 15, 2006, between the Parent and J. Aron & Company, and the Confirmation dated June 15, 2006 thereunder, in each case, as assigned by the Parent to the Company, together with the guaranty of the Goldman Sachs Group, Inc. with respect thereto, as amended or otherwise modified in accordance with the terms thereof and the terms of the Credit Agreement and the Second Lien Credit Agreement.

“JA Counterparty” means J. Aron & Company, and its permitted successors and assigns, as Counterparty under the J. Aron Power Hedge.

“Liquidity Reserve Account” means account number 077250-002 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Liquidity Reserve Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Loan Documents” means, collectively, any agreement, certificate, document or instrument governing the Credit Facility Obligations and constituting a “Loan Document” under the Credit Agreement.

“Moody’s” means Moody’s Investors Service, Inc.

“Obligations” means, at any time of determination, any principal (including reimbursement obligations with respect to letters of credit whether or not drawn), interest (including all interest accrued thereon after the commencement of any Insolvency or Liquidation Proceeding at the rate, including any applicable post-default rate, even if such interest is not enforceable, allowable or allowed as a claim in such proceeding), any obligation to post cash collateral in respect of letters of credit, premium (if any), fees, indemnifications, reimbursements, expenses, damages and other liabilities payable at such time under the Credit Agreement and the other Loan Documents and under the Hedging Agreements.

“Obligor” means, as the context may require, the Company and each Holdco.

“Operating Account” means account number 077250-003 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Operating Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Parent” means American National Power, Inc., a Delaware corporation.

“Patent Collateral” means:

(a) inventions and discoveries, whether patentable or not, all letters patent and applications for letters patent throughout the world, including all patent applications in

preparation for filing and each patent and patent application referred to in Item A of Schedule III;

(b) all reissues, divisions, continuations, continuations-in-part, extensions, renewals and reexaminations of any of the items described in clause (a);

(c) all patent licenses, and other agreements providing such Grantor with the right to use any items of the type referred to in clauses (a) and (b) above, including each patent license referred to in Item B of Schedule III; and

(d) all Proceeds of, and rights associated with, the foregoing (including licenses, royalties income, payments, claims, damages and Proceeds of infringement suits), the right to sue third parties for past, present or future infringements of any patent or patent application, and for breach or enforcement of any patent license.

“Permitted Liens” means the Liens set forth in Schedule VII.¹

“Person” means any natural person, corporation, limited liability company, partnership, joint venture, association, cooperative, trust or unincorporated organization, governmental authority or any other legal entity, whether acting in an individual, fiduciary or other capacity.

“Power Purchase Agreements” means power purchase agreements pursuant to which the Company sells power to third parties in transactions permitted under the terms of the Credit Agreement.

“Principal Payment Account” means account number 077250-010 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Principal Payment Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Replacement Hedge Agreement” means a Commodity Hedge Agreement or Power Purchase Agreement entered into in total or partial replacement of any Initial Hedge Agreement (or another Replacement Hedge Agreement) in accordance with the terms of the Credit Agreement and Second Lien Credit Agreement.

“Revenue Account” means account number 077250-001 of the Borrower established at Wilmington Trust and entitled the “Coletto Creek Revenue Account for the benefit of Credit Suisse, as First Lien Collateral Agent” (together with any successor accounts).

“Rolling Stock” is defined in clause (f) of Section 2.1.

“S&P” means Standard & Poor’s Rating Services, a division of The McGraw-Hill Companies, Inc.

¹ Permitted Lien schedule shall consist of “Permitted Liens” under Section 8.3 of the Credit Agreement.

"Second Lien Credit Agreement" is defined in Section 1.1 of the Credit Agreement.

"Secured Obligations" means, collectively, the Credit Facility Obligations and the Hedging Obligations.

"Secured Parties" is defined in Section 1.1 of the Collateral Agency Intercreditor Agreement.

"Securities Account" means (i) any "securities account" as defined in the UCC and (ii) any of the Borrower Account, the Capital Expenditure Reserve Account, the Excess Cash Flow Reserve Account, the Interest Payment Account, the Liquidity Reserve Account, the Operating Account, the Principal Payment Account and the Revenue Account.

"Securities Act" is defined in clause (a) of Section 6.2.

"Security Agreement" is defined in the preamble.

"Series of Debt" means, severally, (i) the Credit Facility Obligations, (ii) the Hedging Obligations of the Company under each Specified Hedge Agreement and (iii) the Hedging Obligations of the Company under the Interest Rate Hedging Agreement.

"Specified Hedge Agreements" means the Initial Hedge Agreements and the Replacement Hedge Agreements.

"Trade Secrets Collateral" means all common law and statutory trade secrets and all other confidential, proprietary or useful information and all know-how obtained by or used in or contemplated at any time for use in the business of a Grantor (all of the foregoing being collectively called a "Trade Secret"), whether or not such Trade Secret has been reduced to a writing or other tangible form, including all Documents and things embodying, incorporating or referring in any way to such Trade Secret, all Trade Secret licenses, including each Trade Secret license referred to in Schedule VI, and including the right to sue for and to enjoin and to collect damages for the actual or threatened misappropriation of any Trade Secret and for the breach or enforcement of any such Trade Secret license.

"Trademark Collateral" means:

(a) (i) all trademarks, trade names, corporate names, company names, business names, fictitious business names, trade styles, service marks, certification marks, collective marks, logos and other source or business identifiers, and all goodwill of the business associated therewith, now existing or hereafter adopted or acquired including those referred to in Item A of Schedule IV, whether currently in use or not, all registrations and recordings thereof and all applications in connection therewith, whether pending or in preparation for filing, including registrations, recordings and applications in the U.S. Patent and Trademark Office or in any office or agency of the United States of America, or any State thereof or any other country or political subdivision thereof or otherwise, and all common-law rights relating to the foregoing, and (ii) the right to obtain all reissues, extensions or renewals of the foregoing (collectively referred to as the "Trademark");

(b) all trademark licenses for the grant by or to such Grantor of any right to use any trademark, including each trademark license referred to in Item B of Schedule IV; and

(c) all of the goodwill of the business connected with the use of, and symbolized by the items described in, clause (a), and to the extent applicable clause (b);

(d) the right to sue third parties for past, present and future infringements of any Trademark Collateral described in clause (a) and, to the extent applicable, clause (b); and

(e) all Proceeds of, and rights associated with, the foregoing, including any claim by such Grantor against third parties for past, present or future infringement or dilution of any Trademark, Trademark registration or Trademark license, or for any injury to the goodwill associated with the use of any such Trademark or for breach or enforcement of any Trademark license and all rights corresponding thereto throughout the world.

“Transaction Party” means, as the context may require, the Borrower, each Holdco, each Parent Holdco and each other Person (other than a Secured Party or the Depository Bank) obligated under any Loan Document.

“Triggering Event” means (i) the occurrence of a Debt Default under any Debt Document relating to Credit Facility Obligations with respect to which the Administrative Agent has given the Collateral Agent written notice thereof and (ii) the occurrence of a Debt Default under any Debt Document evidencing the Hedging Obligations with respect to which the applicable Debt Representative has given the Collateral Agent written notice thereof and by an Act of the Required Debtholders the Collateral Agent has been instructed take action in respect of such Debt Default.

“UCC” means the Uniform Commercial Code as in effect from time to time in the State of New York; provided that if, with respect to any financing statement or by reason of any provisions of law, the perfection or the effect of perfection or non-perfection of the security interests granted to the Collateral Agent pursuant to the applicable Security Document is governed by the Uniform Commercial Code as in effect in a jurisdiction of the United States other than New York, UCC means the Uniform Commercial Code as in effect from time to time in such other jurisdiction for purposes of the provisions of each Security Document and any financing statement relating to such perfection or effect of perfection or non-perfection.

“Wilmington Trust” means Wilmington Trust Company, a Delaware banking corporation.

SECTION 1.2. Collateral Agency and Intercreditor Agreement Definitions. Unless otherwise defined herein or the context otherwise requires, terms used in this Security Agreement, including its preamble and recitals, have the meanings provided in the Collateral Agency and Intercreditor Agreement.

SECTION 1.3. UCC Definitions. When used herein the terms Account, Certificated Securities, Chattel Paper, Commercial Tort Claim, Commodity Account, Commodity Contract, Deposit Account, Document, Electronic Chattel Paper, Equipment, Goods, Instrument, Inventory, Investment Property, Letter-of-Credit Rights, Proceeds, Promissory Notes, Security Entitlement, Supporting Obligations and Uncertificated Securities have the meaning provided in Article 8 or Article 9, as applicable, of the UCC. Letters of Credit has the meaning provided in Section 5-102 of the UCC.

ARTICLE II SECURITY INTEREST

SECTION 2.1. Grant of Security Interest. Each Grantor hereby grants to the Collateral Agent, for its benefit and the ratable benefit of each other Secured Party, a continuing security interest in all of such Grantor's rights, title and interest in and to all assets of such Grantor, including but not limited to the following property, whether now or hereafter existing, owned or acquired by such Grantor, and wherever located, (collectively, the "Collateral"):

- (a) Accounts; and General Intangibles (including Agreement Collateral)
- (b) Chattel Paper;
- (c) Commercial Tort Claims listed on Item I of Schedule II (as such schedule may be amended or supplemented from time to time);
- (d) Deposit Accounts;
- (e) Documents;
- (f) Goods, including, without limitation, all gondolas, boxcars, tankers, locomotives and railcars of any type (collectively, "Rolling Stock"), all machinery, tools, motor vehicles, vessels, furniture and fixtures, and all parts thereof and all accessions thereto and all software related thereto, including, without limitation, software that is embedded in and is part of such Goods;
- (g) Instruments;
- (h) Investment Property;
- (i) Letter-of-Credit Rights and Letters of Credit;
- (j) Securities Accounts;
- (k) Supporting Obligations;
- (l) all books, records, writings, databases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section;

(m) all Proceeds of the foregoing and, to the extent not otherwise included, (A) all payments received or receivable under any policy of insurance (whether or not the Collateral Agent is the loss payee thereof) and (B) all tort claims; and

(n) all other property and rights of every kind and description and interests therein.

Notwithstanding the foregoing, the term "Collateral" shall not include:

(i) any asset, the granting of a security interest in which would be void or illegal under any applicable governmental law, rule or regulation, or pursuant thereto would result in, or permit the termination of the right, title or interest of such Grantor in or to such asset; or

(ii) any asset subject to a Permitted Lien (other than Liens in favor of the Collateral Agent) to the extent that the grant of other Liens on such asset (A) would result in a breach or violation of, or constitute a default under, the agreement or instrument governing such Permitted Lien, (B) would result in the loss of use of such asset or (C) would permit the holder of such Permitted Lien to terminate the Grantor's use of such asset.

SECTION 2.2. Security for Secured Obligations. This Security Agreement and the Collateral in which the Collateral Agent for the benefit of the Secured Parties is granted a security interest hereunder by the Grantors secure the payment and performance of all of the Secured Obligations.

SECTION 2.3. Grantors Remain Liable. Anything herein to the contrary notwithstanding:

(a) the Grantors will remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and will perform all of their duties and obligations under such contracts and agreements to the same extent as if this Security Agreement had not been executed;

(b) the exercise by the Collateral Agent of any of its rights hereunder will not release any Grantor from any of its duties or obligations under any such contracts or agreements included in the Collateral; and

(c) no Secured Party will have any obligation or liability under any contracts or agreements included in the Collateral by reason of this Security Agreement, nor will any Secured Party be obligated to perform any of the obligations or duties of any Grantor thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 2.4. Distributions on Pledged Shares. In the event that any Distribution with respect to any Capital Securities pledged hereunder is permitted to be paid (in accordance with Section 8.6 of the Credit Agreement), such Distribution or payment may be paid directly to the applicable Grantor. If any Distribution is made in contravention of Section 8.6 of the Credit

Agreement, such Grantor shall hold the same segregated and in trust for the Collateral Agent until paid to the Collateral Agent in accordance with Section 4.1.5.

SECTION 2.5. Security Interest Absolute, etc. This Security Agreement shall in all respects be a continuing, absolute, unconditional and irrevocable grant of security interest, and shall remain in full force and effect until the Debt Termination Date. All rights of the Secured Parties and the security interests granted to the Collateral Agent (for its benefit and the ratable benefit of each other Secured Party) hereunder, and all obligations of the Grantors hereunder, shall, in each case, be absolute, unconditional and irrevocable irrespective of:

- (a) any lack of validity, legality or enforceability of any Debt Document;
- (b) the failure of any Secured Party (i) to assert any claim or demand or to enforce any right or remedy against any Grantor or any other Person (including any other Grantor) under the provisions of any Debt Document or otherwise in respect of the Secured Obligations, or (ii) to exercise any right or remedy against any other guarantor (including any other Grantor) of, or collateral securing, any Secured Obligations;
- (c) any change in the time, manner or place of payment of, or in any other term of, all or any part of the Secured Obligations, or any other extension, compromise or renewal of any Secured Obligations;
- (d) any reduction, limitation, impairment or termination of any Secured Obligations for any reason, including any claim of waiver, release, surrender, alteration or compromise, and shall not be subject to (and each Grantor hereby waives any right to or claim of) any defense or setoff, counterclaim, recoupment or termination whatsoever by reason of the invalidity, illegality, nongenuineness, irregularity, compromise, unenforceability of, or any other event or occurrence affecting, any Secured Obligations;
- (e) any amendment to, rescission, waiver, or other modification of, or any consent to or departure from, any of the terms of any Debt Document;
- (f) any addition, exchange or release of any Collateral or of any Person that is (or will become) a Grantor (including the Grantors hereunder) of the Secured Obligations, or any surrender or non-perfection of any collateral, or any amendment to or waiver or release or addition to, or consent to or departure from, any other guaranty held by any Secured Party securing any of the Secured Obligations; or
- (g) any other circumstance which could otherwise constitute a defense available to, or a legal or equitable discharge of, any Obligor, any surety or any guarantor.

SECTION 2.6. Postponement of Subrogation. Each Grantor agrees that it will not exercise any rights against another Grantor which it may acquire by way of rights of subrogation under any Debt Document to which it is a party. No Grantor shall seek or be entitled to seek any contribution or reimbursement from any Transaction Party, in respect of any payment made under any Debt Document or otherwise, until following the Debt Termination Date. Any amount paid to such Grantor on account of any such subrogation rights prior to the Debt Termination

Date shall be held in trust for the benefit of the Secured Parties and shall promptly be paid and turned over to the Collateral Agent for the benefit of the Secured Parties in the exact form received by such Grantor (duly endorsed in favor of the Collateral Agent, if required), to be credited and applied against the Secured Obligations, whether matured or unmatured; provided that if such Grantor has made payment to the Secured Parties of all or any part of the Secured Obligations and the Debt Termination Date has occurred, then at such Grantor's request, the Collateral Agent (on behalf of the Secured Parties) will, at the expense of such Grantor, execute and deliver to such Grantor appropriate documents (without recourse and without representation or warranty) necessary to evidence the transfer by subrogation to such Grantor of an interest in the Secured Obligations resulting from such payment. In furtherance of the foregoing, at all times prior to the Debt Termination Date, such Grantor shall refrain from taking any action or commencing any proceeding against any Obligor (or its successors or assigns, whether in connection with a bankruptcy proceeding or otherwise) to recover any amounts in respect of payments made under this Security Agreement to any Secured Party.

ARTICLE III REPRESENTATIONS AND WARRANTIES

In order to induce the Secured Parties to enter into the Debt Documents, the Grantors represent and warrant to each Secured Party as set forth below.

SECTION 3.1. As to Capital Securities of the Subsidiaries, Investment Property.

(a) With respect to any direct Subsidiary of any Grantor that is

(i) a corporation, business trust, joint stock company or similar Person, all Capital Securities issued by such Subsidiary are duly authorized and validly issued, fully paid and non-assessable, and represented by a certificate; and

(ii) a partnership or limited liability company, no Capital Securities issued by such Subsidiary (A) is dealt in or traded on securities exchanges or in securities markets, (B) other than in the case of the Initial Grantors, expressly provides that such Capital Securities are securities governed by Article 8 of the UCC or (C) is held in a Securities Account, except, with respect to this clause (a)(ii), Capital Securities (x) for which either the Collateral Agent is the registered owner or (y) with respect to which the issuer has agreed in an authenticated record with such Grantor and the Collateral Agent to comply with any instructions of the Collateral Agent without the consent of such Grantor.

(b) Each Grantor has delivered all Certificated Securities constituting Collateral held by such Grantor on the Closing Date to the Collateral Agent, together with duly executed undated blank stock powers, or other equivalent instruments of transfer acceptable to the Collateral Agent.

(c) With respect to Uncertificated Securities constituting Collateral owned by any Grantor, such Grantor has caused the issuer thereof either to (i) register the Collateral Agent as the registered owner of such security or (ii) agree in an authenticated record with such Grantor and the Collateral Agent that such issuer will comply with instructions

with respect to such security originated by the Collateral Agent without further consent of such Grantor.

(d) The percentage of the issued and outstanding Capital Securities of each Subsidiary pledged by each Grantor hereunder is as set forth on Schedule I.

SECTION 3.2. Grantor Name, Location, etc.

(a) The jurisdiction in which each Grantor is located for purposes of Sections 9-301 and 9-307 of the UCC is set forth in Item A of Schedule II.

(b) All of the Equipment (other than Rolling Stock and vehicles) and Inventory of each Grantor are located at the places specified in Item B-1 of Schedule II. Each location a secured party would have filed a UCC financing statement in the five years prior to the date hereof to perfect a security interest in Equipment, Inventory and General Intangibles owned by such Grantor is set forth in Item B-2 of Schedule II.

(c) The Grantors do not have any trade names other than those set forth in Item C of Schedule II hereto.

(d) During the four months preceding the date hereof, no Grantor has been known by any legal name different from the one set forth on the signature page hereto, nor has such Grantor been the subject of any merger or other corporate reorganization, except as set forth in Item D of Schedule II hereto.

(e) Each Grantor's federal taxpayer identification number is (and, during the four months preceding the date hereof, such Grantor has not had a federal taxpayer identification number different from that) set forth in Item E of Schedule II hereto.

(f) No Grantor is a party to any federal, state or local government contract except as set forth in Item F of Schedule II hereto.

(g) No Grantor maintains any Deposit Accounts, Securities Accounts or Commodity Accounts with any Person, in each case, except as set forth on Item G of Schedule II.

(h) No Grantor is the beneficiary of any Letters of Credit, except as set forth on Item H of Schedule II.

(i) No Grantor has Commercial Tort Claims except as set forth on Item I of Schedule II.

(j) The name set forth on the signature page attached hereto is the true and correct legal name (as defined in the UCC) of each Grantor.

(k) Each Grantor has obtained a legal, valid and enforceable consent of each issuer of any Letter of Credit to the assignment of the Proceeds of such Letter of Credit to the Collateral Agent and no Grantor has consented to, and is otherwise aware of, any

Person (other than the Collateral Agent pursuant hereto) having control (within the meaning of Section 9-104 of the UCC) over, or any other interest in any of such Grantor's rights in respect thereof.

SECTION 3.3. Ownership, No Liens, etc. Each Grantor owns its Collateral free and clear of any Lien, except for any security interest (a) created by this Security Agreement and (b) in the case of Collateral other than the Capital Securities of each Subsidiary pledged hereunder, that is a Permitted Lien. No effective UCC financing statement or other filing similar in effect covering all or any part of the Collateral is on file in any recording office, except those filed in favor of the Collateral Agent relating to this Security Agreement, Permitted Liens or as to which a duly authorized termination statement relating to such UCC financing statement or other instrument has been delivered to the Collateral Agent on the Closing Date.

SECTION 3.4. Possession of Inventory, Control; etc.

(a) Each Grantor has, and agrees that it will maintain, exclusive possession of its Documents, Instruments, Promissory Notes, Goods, Equipment and Inventory, other than (i) Equipment and Inventory in transit in the ordinary course of business, (ii) Equipment and Inventory (other than Rolling Stock that is being repaired in the ordinary course of business) in excess of a \$1,000,000 in the aggregate that is in the possession or control of a warehouseman, bailee agent or other Person (other than a Person controlled by or under common control with such Grantor) that has been notified of the security interest created in favor of the Secured Parties pursuant to this Security Agreement, and has authenticated a record acknowledging the security interest created in favor of the Secured Parties pursuant to this Security Agreement, and (iii) Instruments or Promissory Notes that have been delivered to the Collateral Agent pursuant to Section 3.5. In the case of Equipment or Inventory described in clause (ii) above, no lessor or warehouseman of any premises or warehouse upon or in which such Equipment or Inventory (other Rolling Stock that is being repaired in the ordinary course of business) in excess of \$1,000,000 in the aggregate is located has (i) issued any warehouse receipt or other receipt in the nature of a warehouse receipt in respect of any such Equipment or Inventory, (ii) issued any Document for any such Equipment or Inventory, (iii) received notification of any Secured Party's interest (other than the security interest granted hereunder) in any such Equipment or Inventory or (iv) any Lien on any such Equipment or Inventory.

(b) Each Grantor is the sole entitlement holder of its Accounts and no other Person (other than the Collateral Agent pursuant to this Security Agreement or any other Person with respect to Permitted Liens) has control or possession of, or any other interest in, any of its Accounts or any other securities or property credited thereto.

SECTION 3.5. Negotiable Documents, Instruments and Chattel Paper. Each Grantor has delivered to the Collateral Agent possession of all originals of all Documents, Instruments, Promissory Notes, and tangible Chattel Paper in excess of \$1,000,000 in the aggregate owned or held by such Grantor on the Closing Date.

SECTION 3.6. Intellectual Property Collateral. Except as disclosed on Schedules III through V, with respect to any Intellectual Property Collateral:

(a) such Intellectual Property Collateral is valid, subsisting, unexpired and enforceable and has not been abandoned or adjudged invalid or unenforceable, in whole or in part except as could not be expected to have a Material Adverse Effect;

(b) such Grantor is the sole and exclusive owner of the entire and unencumbered right, title and interest in and to such Intellectual Property Collateral and no claim has been made that the use of such Intellectual Property Collateral does or may, conflict with, infringe, misappropriate, dilute, misuse or otherwise violate any of the rights of any third party;

(c) such Grantor has made all necessary filings and recordations to protect its interest in such Intellectual Property Collateral, including recordations of all of its interests in the Patent Collateral and Trademark Collateral in the U.S. Patent and Trademark Office and in corresponding offices throughout the world, and its claims to the Copyright Collateral in the U.S. Copyright Office and in corresponding offices throughout the world, and, to the extent necessary, has used proper statutory notice in connection with its use of any material patent, Trademark and copyright in any of the Intellectual Property Collateral;

(d) such Grantor has taken all reasonable steps to safeguard its Trade Secrets and to its knowledge (A) none of the Trade Secrets of such Grantor has been used, divulged, disclosed or appropriated for the benefit of any other Person other than such Grantor; (B) no employee, independent contractor or agent of such Grantor has misappropriated any Trade Secrets of any other Person in the course of the performance of his or her duties as an employee, independent contractor or agent of such Grantor; and (C) no employee, independent contractor or agent of such Grantor is in default or breach of any term of any employment agreement, non-disclosure agreement, assignment of inventions agreement or similar agreement or contract relating in any way to the protection, ownership, development, use or transfer of such Grantor's Intellectual Property Collateral;

(e) to such Grantor's knowledge, no third party is infringing upon any Intellectual Property owned or used by such Grantor in any material respect, or any of its respective licensees;

(f) no settlement or consents, covenants not to sue, nonassertion assurances, or releases have been entered into by such Grantor or to which such Grantor is bound that adversely affects its rights to own or use any Intellectual Property except as would not have a Material Adverse Effect;

(g) such Grantor has not made a previous assignment, sale, transfer or agreement constituting a present or future assignment, sale or transfer of any Intellectual Property for purposes of granting a security interest or as Collateral that has not been terminated or released

(h) such Grantor has executed and delivered to the Collateral Agent, Intellectual Property Collateral security agreements for all copyrights, patents and Trademarks owned by such Grantor, including all copyrights, patents and trademarks on Schedule III through V (as such schedules may be amended or supplemented from time to time);

(i) such Grantor uses adequate standards of quality in the manufacture, distribution, and sale of all products sold and in the provision of all services rendered under or in connection with all Trademarks and has taken all commercially reasonable action necessary to insure that all licensees of the Trademarks owned by such Grantor use such adequate standards of quality;

(j) the consummation of the transactions contemplated by the Debt Documents and this Security Agreement will not result in the termination or material impairment of any of the Intellectual Property Collateral; and

(k) such Grantor owns directly or is entitled to use by license or otherwise, all Patents, Trademarks, Trade Secrets, Copyrights, mask works, licenses, technology, know-how, processes and rights with respect to any of the foregoing used in, necessary for or of importance to the conduct of such Grantor's business.

SECTION 3.7. Validity, etc.

(a) This Security Agreement creates a valid security interest in the Collateral securing the payment of the Secured Obligations.

(b) Each Grantor has filed or caused to be filed all UCC-1 financing statements in the filing office for each Grantor's jurisdiction of organization listed in Item A of Schedule II (collectively, the "Filing Statements") (or has authenticated and delivered to the Collateral Agent the Filing Statements suitable for filing in such offices) and has taken all other:

(i) actions necessary for the Collateral Agent to obtain control of the Collateral as provided in Sections 9-104, 9-105, 9-106 and 9-107 of the UCC; and

(ii) actions necessary to perfect the Collateral Agent's security interest with respect to any Collateral evidenced by a certificate of ownership.

(c) Upon the filing of the Filing Statements with the appropriate agencies therefor the security interests created under this Security Agreement shall constitute a perfected security interest in the Collateral described on such Filing Statements in favor of the Collateral Agent on behalf of the Secured Parties to the extent that a security interest therein may be perfected by filing pursuant to the relevant UCC, prior to all other Liens, except in the case of Collateral other than Capital Securities, for Permitted Liens (in which case such security interest shall be second in priority of right only to the Permitted Liens until the obligations secured by such Permitted Liens have been satisfied).

SECTION 3.8. Authorization, Approval, etc. Except as have been obtained or made and are in full force and effect, no authorization, approval or other action by, and no notice to or filing with, any Governmental Authority or any other third party is required either

(a) for the grant by the Grantors of the security interest granted hereby or for the execution, delivery and performance of this Security Agreement by the Grantors;

(b) for the perfection or maintenance of the security interests hereunder including the first priority (subject to Permitted Liens) nature of such security interest (except for any Filing Statements or, with respect to any Rolling Stock, filings with the Surface Transportation Board, or with respect to Intellectual Property Collateral, the recordation of any agreements with the U.S. Patent and Trademark Office or the U.S. Copyright Office) or the exercise by the Collateral Agent of its rights and remedies hereunder; or

(c) for the exercise by the Collateral Agent of the voting or other rights provided for in this Security Agreement, except (i) with respect to any securities issued by a Subsidiary of the Grantors, as may be required in connection with a disposition of such securities by laws affecting the offering and sale of securities generally, the remedies in respect of the Collateral pursuant to this Security Agreement and (ii) any "change of control" or similar filings required by state licensing agencies.

SECTION 3.9. Best Interests. It is in the best interests of each Grantor (other than the Borrower), in the reasonable business judgment of such Grantor, to execute this Security Agreement inasmuch as such Grantor will derive substantial direct and indirect benefits from (a) the Loans and other extensions of credit made from time to time to the Borrower by the Lenders and the issuer pursuant to the Credit Agreement and (b) the hedging arrangements provided by the holders of Hedging Obligations, and each Grantor agrees that the Secured Parties are relying on this representation in agreeing to make such Loans and other extensions of credit pursuant to the Credit Agreement to the Borrower and to provide the hedging arrangements pursuant to the Hedge Agreements.

ARTICLE IV COVENANTS

Each Grantor covenants and agrees that, until the Debt Termination Date, such Grantor will perform, comply with and be bound by the obligations set forth below.

SECTION 4.1. As to Investment Property, etc.

SECTION 4.1.1. Capital Securities of Subsidiaries. No Grantor will allow any of its Subsidiaries:

(a) that is a corporation, business trust, joint stock company or similar Person, to issue Uncertificated Securities;

(b) that is a partnership or limited liability company, to (i) issue Capital Securities that are to be dealt in or traded on securities exchanges or in securities markets, or (ii) place such Subsidiary's Capital Securities in a Securities Account; and

(c) to issue Capital Securities in addition to or in substitution for the Capital Securities pledged hereunder, except to such Grantor (in which case the Collateral Agent's security interest granted hereunder shall immediately attach to such Capital Securities and such Grantor agrees to deliver any such Capital Securities to the Collateral Agent pursuant to the terms of this Security Agreement).

SECTION 4.1.2. Investment Property (other than Certificated Securities).

(a) With respect to any Deposit Accounts, Securities Accounts, Commodity Accounts, Commodity Contracts or Security Entitlements constituting Investment Property owned or held by any Grantor, such Grantor will, upon the Collateral Agent's request, cause the bank commodity intermediary or securities intermediary, as applicable, maintaining such Deposit Account or Investment Property to execute a Control Agreement relating to such Deposit Account or Investment Property pursuant to which such bank commodity intermediary or securities intermediary, as applicable, agrees to comply with the Collateral Agent's entitlement orders or instructions with respect to such Investment Property without further consent by such Grantor.

(b) With respect to any Uncertificated Securities (other than Uncertificated Securities credited to a Securities Account) constituting Investment Property owned or held by any Grantor, such Grantor will cause the issuer of such securities to either (i) register the Collateral Agent as the registered owner thereof on the books and records of the issuer or (ii) execute a Control Agreement relating to such Investment Property pursuant to which the issuer agrees to comply with the Collateral Agent's instructions with respect to such Uncertificated Securities without further consent by such Grantor.

SECTION 4.1.3. Certificated Securities (Stock Powers). Each Grantor agrees that all Certificated Securities, including the Capital Securities delivered by such Grantor pursuant to this Security Agreement, will be accompanied by duly executed undated blank stock powers, or other equivalent instruments of transfer reasonably acceptable to the Collateral Agent.

SECTION 4.1.4. Continuous Pledge. Each Grantor will (subject to the terms of the Collateral Agency and Intercreditor Agreement) deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a first-priority, perfected basis all Investment Property, all Dividends and Distributions with respect thereto, all Payment Intangibles to the extent they are evidenced by a Document, Instrument, Promissory Note or Chattel Paper, and all interest and principal with respect to such Payment Intangibles with a value in excess of \$100,000 in the aggregate (except to the extent provided under Section 4.1.5), and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral. Each Grantor agrees that it will, promptly following receipt thereof, deliver to the Collateral Agent possession of all originals of negotiable Documents, Instruments, Promissory Notes and Chattel Paper that it acquires following the Closing Date.

SECTION 4.1.5. Voting Rights; Dividends, etc. Each Grantor agrees:

(a) promptly upon receipt of notice of the occurrence and continuance of a Triggering Event (which notice has not been withdrawn in writing) from the Collateral Agent and without any request therefor by the Collateral Agent, so long as such Triggering Event shall continue, to deliver (properly endorsed where required hereby or requested by the Collateral Agent) to the Collateral Agent all Dividends and Distributions with respect to Investment Property, all interest, principal, other cash payments on Payment Intangibles, and all Proceeds of the Collateral, in each case thereafter received by such Grantor, all of which shall be held by the Collateral Agent as additional Collateral; and

(b) with respect to Collateral consisting of general partner interests or limited liability company interests, to promptly modify its Organic Documents to admit the Collateral Agent as a general partner or member, as applicable, immediately upon the occurrence and continuance of a Triggering Event and so long as the Collateral Agent has notified such Grantor of the Collateral Agent's intention to exercise its voting power under this clause,

(i) that the Collateral Agent may exercise (to the exclusion of such Grantor) the voting power and all other incidental rights of ownership with respect to any Investment Property constituting Collateral and such Grantor hereby grants the Collateral Agent an irrevocable proxy, exercisable under such circumstances, to vote such Investment Property; and

(ii) to promptly deliver to the Collateral Agent such additional proxies and other documents as may be necessary to allow the Collateral Agent to exercise such voting power.

All dividends, Distributions, interest, principal, cash payments, Payment Intangibles and Proceeds that may at any time and from time to time be held by such Grantor, but which such Grantor is then obligated to deliver to the Collateral Agent, shall, until delivery to the Collateral Agent, be held by such Grantor separate and apart from its other property in trust for the Collateral Agent. The Collateral Agent agrees that unless a Triggering Event shall have occurred and be continuing and the Collateral Agent shall have given the notice referred to in clause (a), such Grantor will have the exclusive voting power with respect to any Investment Property constituting Collateral and the Collateral Agent will, upon the written request of such Grantor, promptly deliver such proxies and other documents, if any, as shall be reasonably requested by such Grantor which are necessary to allow such Grantor to exercise that voting power; provided that no vote shall be cast, or consent, waiver, or ratification given, or action taken by such Grantor that would impair any such Collateral or be inconsistent with or violate any provision of any Debt Document.

SECTION 4.2. Change of Name, etc. No Grantor will change its name or place of incorporation or organization or federal taxpayer identification number except upon 30 days' prior written notice to the Collateral Agent.

SECTION 4.3. As to Accounts.

(a) Each Grantor shall have the right to collect all Accounts so long as no Triggering Event shall have occurred and be continuing.

(b) Upon (i) the occurrence and continuance of a Triggering Event and (ii) the delivery of notice by the Collateral Agent to the Company, all Proceeds of Collateral received by a Grantor in respect of Accounts, shall be delivered in kind to the Collateral Agent for deposit in a Deposit Account maintained with the Collateral Agent (together with any other Accounts pursuant to which any portion of the Collateral is deposited with the Collateral Agent, the "Collateral Accounts"), and such Grantor shall not commingle any such Proceeds, and shall hold separate and apart from all other property, all such Proceeds for the benefit of the Collateral Agent until delivery thereof is made to the Collateral Agent.

(c) Following the delivery of notice pursuant to clause (b)(ii), the Collateral Agent shall have the right to apply any amount in the Collateral Account to the payment of any Secured Obligations which are due and payable in accordance with the Collateral Agency and Intercreditor Agreement.

(d) With respect to each of the Collateral Accounts, it is hereby confirmed and agreed that (i) deposits in each such Collateral Account are subject to a security interest as contemplated hereby, (ii) each such Collateral Account shall be under the control of the Collateral Agent and (iii) the Collateral Agent shall have the sole right of withdrawal over such Collateral Account.

SECTION 4.4. As to Grantors' Use of Collateral.

(a) Subject to clause (b), each Grantor (i) may in the ordinary course of its business, at its own expense, sell, lease or furnish under the contracts of service any of the Inventory normally held by such Grantor for such purpose, and use and consume, in the ordinary course of its business, any raw materials, work in process or materials normally held by such Grantor for such purpose, (ii) will, at its own expense, endeavor to collect, as and when due, all amounts due with respect to any of the Collateral, including the taking of such action with respect to such collection as the Collateral Agent may request following the occurrence of a Triggering Event or, in the absence of such request, as such Grantor may deem advisable, and (iii) may grant, in the ordinary course of business, to any party obligated on any of the Collateral, any rebate, refund or allowance to which such party may be lawfully entitled, and may accept, in connection therewith, the return of Goods, the sale or lease of which shall have given rise to such Collateral.

(b) At any time following the occurrence and during the continuance of a Triggering Event, whether before or after the maturity of any of the Secured Obligations, the Collateral Agent may (i) revoke any or all of the rights of each Grantor set forth in clause (a), (ii) notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder and (iii) enforce collection of any of the Collateral by suit or otherwise and surrender, release, or exchange

all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any indebtedness thereunder or evidenced thereby.

(c) Upon request of the Collateral Agent following the occurrence and during the continuance of a Triggering Event, each Grantor will, at its own expense, notify any parties obligated on any of the Collateral to make payment to the Collateral Agent of any amounts due or to become due thereunder.

(d) At any time following the occurrence and during the continuation of a Triggering Event, the Collateral Agent may endorse, in the name of such Grantor, any item, howsoever received by the Collateral Agent, representing any payment on or other Proceeds of any of the Collateral.

SECTION 4.5. As to Intellectual Property Collateral. Each Grantor covenants and agrees to comply with the following provisions as such provisions relate to any Intellectual Property Collateral material to the operations or business of such Grantor:

(a) such Grantor will not (i) do or fail to perform any act whereby any of the Patent Collateral may lapse or become abandoned or dedicated to the public or unenforceable, (ii) permit any of its licensees to (A) fail to continue to use any of the Trademark Collateral in order to maintain all of the Trademark Collateral in full force free from any claim of abandonment for non-use, (B) fail to maintain as in the past the quality of products and services offered under all of the Trademark Collateral, (C) fail to employ all of the Trademark Collateral registered with any federal or state or foreign authority with an appropriate notice of such registration, (D) adopt or use any other Trademark which is confusingly similar or a colorable imitation of any of the Trademark Collateral, (E) use any of the Trademark Collateral registered with any federal, state or foreign authority except for the uses for which registration or application for registration of all of the Trademark Collateral has been made or (F) do or permit any act or knowingly omit to do any act whereby any of the Trademark Collateral may lapse or become invalid or unenforceable, or (iii) do or permit any act or knowingly omit to do any act whereby any of the Copyright Collateral or any of the Trade Secrets Collateral may lapse or become invalid or unenforceable or placed in the public domain except upon expiration of the end of an unrenovable term of a registration thereof, unless, in the case of any of the foregoing requirements in clauses (i), (ii) and (iii), such Grantor shall either (x) reasonably and in good faith determine that any of such Intellectual Property Collateral is of negligible economic value to such Grantor, or (y) the loss of the Intellectual Property Collateral would not have a Material Adverse Effect on the business;

(b) such Grantor shall promptly notify the Collateral Agent if it knows, or has reason to know, that any application or registration relating to any material item of the Intellectual Property Collateral may become abandoned or dedicated to the public or placed in the public domain or invalid or unenforceable, or of any adverse determination or development (including the institution of, or any such determination or development in, any proceeding in the U.S. Patent and Trademark Office, the U.S. Copyright Office or any foreign counterpart thereof or any court) regarding such Grantor's ownership of any

of the Intellectual Property Collateral, its right to register the same or to keep and maintain and enforce the same;

(c) in no event will such Grantor or any of its agents, employees, designees or licensees file an application for the registration of any Intellectual Property Collateral with the U.S. Patent and Trademark Office, the U.S. Copyright Office or any similar office or agency in any other country or any political subdivision thereof, unless it promptly informs the Collateral Agent, and upon request of the Collateral Agent (subject to the terms of the Collateral Agency and Intercreditor Agreement), executes and delivers all agreements, instruments and documents as the Collateral Agent may request to evidence the Collateral Agent's security interest in such Intellectual Property Collateral;

(d) such Grantor will take all necessary steps, including in any proceeding before the U.S. Patent and Trademark Office, the U.S. Copyright Office or (subject to the terms of the Collateral Agency and Intercreditor Agreement) any similar office or agency in any other country or any political subdivision thereof, to maintain and pursue any application (and to obtain the relevant registration) filed with respect to, and to maintain any registration of, the Intellectual Property Collateral, including the filing of applications for renewal, affidavits of use, affidavits of incontestability and opposition, interference and cancellation proceedings and the payment of fees and taxes (except to the extent that dedication, abandonment or invalidation is permitted under the foregoing clause (a) or (b)); and

(e) such Grantor will promptly (but no less than quarterly) execute and deliver to the Collateral Agent (as applicable) a Patent Security Agreement, Trademark Security Agreement and/or Copyright Security Agreement, as the case may be, in the forms of Exhibit A, Exhibit B and Exhibit C hereto following its obtaining an interest in any such Intellectual Property, and shall execute and deliver to the Collateral Agent any other document required to acknowledge or register or perfect the Collateral Agent's interest in any part of such item of Intellectual Property Collateral unless such Grantor shall determine in good faith (with the consent of the Collateral Agent) that any Intellectual Property Collateral is of negligible economic value to such Grantor.

SECTION 4.6. As to Letter-of-Credit Rights.

(a) Each Grantor, by granting a security interest in its Letter-of-Credit Rights to the Collateral Agent, intends to (and hereby does) collaterally assign to the Collateral Agent its rights (including its contingent rights) to the Proceeds of all Letter-of-Credit Rights of which it is or hereafter becomes a beneficiary or assignee. Such Grantor will promptly use its reasonable best efforts to cause the issuer of each Letter of Credit and each nominated person (if any) with respect thereto to consent to such assignment of the Proceeds thereof in a consent agreement in form and substance reasonably satisfactory to the Collateral Agent and deliver written evidence of such consent to the Collateral Agent.

(b) Upon the occurrence of a Triggering Event, such Grantor will, promptly upon request by the Collateral Agent, (i) notify (and such Grantor hereby authorizes the Collateral Agent to notify) the issuer and each nominated person with respect to each of

the Letters of Credit that the Proceeds thereof have been assigned to the Collateral Agent hereunder and any payments due or to become due in respect thereof are to be made directly to the Collateral Agent and (ii) arrange for the Collateral Agent to become the transferee beneficiary Letter of Credit.

SECTION 4.7. As to Commercial Tort Claims. Each Grantor covenants and agrees that, until the payment in full of the Secured Obligations and termination of all Commitments, with respect to any Commercial Tort Claim hereafter arising, it shall deliver to the Collateral Agent a supplement to this Security Agreement in form and substance reasonably satisfactory to the Collateral Agent, together with all supplements to schedules hereto identifying such new Commercial Tort Claims.

SECTION 4.8. Electronic Chattel Paper and Transferable Records. If any Grantor at any time holds or acquires an interest in any Electronic Chattel Paper or any "transferable record," as that term is defined in Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act, or in Section 16 of the U.S. Uniform Electronic Transactions Act as in effect in any relevant jurisdiction, with a value in excess of \$1,000,000, such Grantor shall promptly notify the Collateral Agent thereof and, at the reasonable request of the Collateral Agent, shall take such action as the Collateral Agent may reasonably request to vest in the Collateral Agent control under Section 9-105 of the UCC of such electronic chattel paper or control under Section 201 of the Federal Electronic Signatures in Global and National Commerce Act or, as the case may be, Section 16 of the Uniform Electronic Transactions Act, as so in effect in such jurisdiction, of such transferable record. The Collateral Agent agrees with such Grantor that the Collateral Agent will arrange, pursuant to procedures reasonably satisfactory to the Collateral Agent and so long as such procedures will not result in the Collateral Agent's loss of control, for the Grantor to make alterations to the electronic chattel paper or transferable record permitted under Section 9-105 of the UCC or, as the case may be, Section 201 of the U.S. Federal Electronic Signatures in Global and National Commerce Act or Section 16 of the U.S. Uniform Electronic Transactions Act for a party in control to allow without loss of control, unless a Triggering Event has occurred and is continuing or would occur after taking into account any action by such Grantor with respect to such electronic chattel paper or transferable record.

SECTION 4.9. Further Assurances, etc. Each Grantor agrees that, from time to time at its own expense, it will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or that the Collateral Agent may reasonably request, in order to perfect, preserve and protect any security interest granted or purported to be granted hereby or to enable the Collateral Agent to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, such Grantor will

(a) from time to time upon the reasonable request of the Collateral Agent, promptly deliver to the Collateral Agent such stock powers, instruments and similar documents, satisfactory in form and substance to the Collateral Agent, with respect to such Collateral as the Collateral Agent may request and will, from time to time upon the request of the Collateral Agent, after the occurrence and during the continuance of any Triggering Event, promptly transfer any securities constituting Collateral into the name of

any nominee designated by the Collateral Agent; if any Collateral in excess of \$1,000,000 in the aggregate shall be evidenced by an Instrument, negotiable Document, Promissory Note or tangible Chattel Paper, deliver and pledge to the Collateral Agent hereunder such Instrument, negotiable Document, Promissory Note or tangible Chattel Paper duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Collateral Agent;

(b) file (and hereby authorize the Collateral Agent to file) such Filing Statements or continuation statements, or amendments thereto, and such other instruments or notices (including any assignment of claim form under or pursuant to the federal assignment of claims statute, 31 U.S.C. § 3726, any successor or amended version thereof or any regulation promulgated under or pursuant to any version thereof), as may be necessary or that the Collateral Agent may reasonably request in order to perfect and preserve the security interests and other rights granted or purported to be granted to the Collateral Agent hereby;

(c) deliver to the Collateral Agent and at all times keep pledged to the Collateral Agent pursuant hereto, on a first priority, perfected basis, at the request of the Collateral Agent, all Investment Property constituting Collateral, all Dividends and Distributions (but only in the case of the occurrence and continuation of an Triggering Event) with respect thereto, and all interest and principal with respect to Promissory Notes (but only in the case of the occurrence and continuation of an Triggering Event), and all Proceeds and rights from time to time received by or distributable to such Grantor in respect of any of the foregoing Collateral to the extent required hereunder;

(d) not take or omit to take any action the taking or the omission of which would result in any impairment or alteration of any obligation of the maker of any Payment Intangible or other Instrument constituting Collateral, except as provided in Section 4.4;

(e) not create any tangible Chattel Paper without placing a legend on such tangible Chattel Paper reasonably acceptable to the Collateral Agent indicating that the Collateral Agent has a security interest in such Chattel Paper;

(f) furnish to the Collateral Agent, from time to time at the Collateral Agent's reasonable request, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Collateral Agent may reasonably request, all in reasonable detail; and

(g) do all things reasonably requested by the Collateral Agent in accordance with this Security Agreement in order to enable the Collateral Agent to have and maintain control over the Collateral consisting of Investment Property, Deposit Accounts, Letter-of-Credit-Rights and Electronic Chattel Paper.

With respect to the foregoing and the grant of the security interest hereunder, each Grantor hereby authorizes the Collateral Agent to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral. Each Grantor agrees that a

carbon, photographic or other reproduction of this Security Agreement or any UCC financing statement covering the Collateral or any part thereof shall be sufficient as a UCC financing statement where permitted by law. Each Grantor hereby authorizes the Collateral Agent to file financing statements describing as the collateral covered thereby "all of the debtor's personal property or assets" or words to that effect, notwithstanding that such wording may be broader in scope than the Collateral described in this Security Agreement.

SECTION 4.10. Deposit Accounts. Following the occurrence and during the continuance of a Triggering Event, at the request of the Collateral Agent or the Required Debtholders, such Grantor will maintain all of its Deposit Accounts only with the Depository Bank, the Collateral Agent or with any depository institution that has entered into a Control Agreement in favor of the Collateral Agent as set forth in the Collateral Agency and Intercreditor Agreement.

ARTICLE V THE COLLATERAL AGENT

SECTION 5.1. Collateral Agent Appointed Attorney-in-Fact. Each Grantor hereby irrevocably appoints the Collateral Agent its attorney-in-fact, with full authority in the place and stead of such Grantor and in the name of such Grantor or otherwise, from time to time in the Collateral Agent's discretion, following the occurrence and during the continuance of a Triggering Event, to take any action and to execute any instrument which the Collateral Agent may deem necessary or advisable to accomplish the purposes of this Security Agreement, including:

(a) to ask, demand, collect, sue for, recover, compromise, receive and give acquittance and receipts for moneys due and to become due under or in respect of any of the Collateral;

(b) to receive, endorse, and collect any drafts or other instruments, documents and chattel paper, in connection with clause (a) above;

(c) to file any claims or take any action or institute any proceedings which the Collateral Agent may deem necessary or desirable for the collection of any of the Collateral or otherwise to enforce the rights of the Collateral Agent with respect to any of the Collateral; and

(d) to perform the affirmative obligations of such Grantor hereunder.

Each Grantor hereby acknowledges, consents and agrees that the power of attorney granted pursuant to this Section is irrevocable and coupled with an interest until the Debt Termination Date.

SECTION 5.2. Collateral Agent May Perform. If any Grantor fails to perform any agreement contained herein, the Collateral Agent may, after requesting in writing that the Grantor perform such agreement, and subject to any applicable cure period set forth in the Credit Agreement, perform, or cause performance of, such agreement, and the reasonable out-of-pocket

expenses of the Collateral Agent incurred in connection therewith shall be payable by such Grantor pursuant to Section 12.3 of the Credit Agreement.

SECTION 5.3. Collateral Agent Has No Duty. The powers conferred on the Collateral Agent hereunder are solely to protect its interest (on behalf of the Secured Parties) in the Collateral and shall not impose any duty on it to exercise any such powers. Except for reasonable care of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Collateral Agent shall have no duty as to any Collateral or responsibility for

- (a) ascertaining or taking action with respect to calls, conversions, exchanges, maturities, tenders or other matters relative to any investment property, whether or not the Collateral Agent has or is deemed to have knowledge of such matters, or
- (b) taking any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral.

SECTION 5.4. Reasonable Care. The Collateral Agent is required to exercise reasonable care in the custody and preservation of any of the Collateral in its possession; provided that the Collateral Agent shall be deemed to have exercised reasonable care in the custody and preservation of any of the Collateral, if it takes such action for that purpose as the applicable Grantor reasonably requests in writing at times other than upon the occurrence and during the continuance of any Triggering Event, but failure of the Collateral Agent to comply with any such request at any time shall not in itself be deemed a failure to exercise reasonable care, so long as the Collateral Agent treats such Collateral in a manner substantially similar to other similar Collateral in its custody.

ARTICLE VI

SECTION 6.1. Certain Remedies. If any Debt Default shall have occurred and be continuing, subject to the Collateral Agency and Intercreditor Agreement:

- (a) The Collateral Agent may exercise in respect of the Collateral, in addition to other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the UCC (whether or not the UCC applies to the affected Collateral) and also may
 - (i) take possession of any Collateral not already in its possession without demand and without legal process;
 - (ii) require each Grantor to, and each Grantor hereby agrees that it will, at its expense and upon request of the Collateral Agent forthwith, assemble all or part of the Collateral as directed by the Collateral Agent and make it available to the Collateral Agent at a place to be designated by the Collateral Agent that is reasonably convenient to both parties,

(iii) enter onto the property where any Collateral is located and take possession thereof without demand and without legal process;

(iv) without notice except as specified below, lease, license, sell or otherwise dispose of the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Collateral Agent's offices or elsewhere, for cash, on credit or for future delivery, and upon such other terms as the Collateral Agent may deem commercially reasonable. Each Grantor agrees that, to the extent notice of sale shall be required by law, at least ten days' prior notice to the Company of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. The Collateral Agent shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Collateral Agent may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned.

(b) All cash Proceeds received by the Collateral Agent in respect of any sale of, collection from, or other realization upon, all or any part of the Collateral shall be applied by the Collateral Agent against all or any part of the Secured Obligations as set forth in Section 3.4 of the Collateral Agency and Intercreditor Agreement.

(c) The Collateral Agent may

(i) transfer all or any part of the Collateral into the name of the Collateral Agent or its nominee, with or without disclosing that such Collateral is subject to the Lien hereunder,

(ii) notify the parties obligated on any of the Collateral to make payment to the Collateral Agent of any amount due or to become due thereunder,

(iii) withdraw, or cause or direct the withdrawal, of all funds with respect to the Collateral Account;

(iv) enforce collection of any of the Collateral by suit or otherwise, and surrender, release or exchange all or any part thereof, or compromise or extend or renew for any period (whether or not longer than the original period) any obligations of any nature of any party with respect thereto,

(v) endorse any checks, drafts, or other writings in any Grantor's name to allow collection of the Collateral,

(vi) take control of any Proceeds of the Collateral, and

(vii) execute (in the name, place and stead of any Grantor) endorsements, assignments, stock powers and other instruments of conveyance or transfer with respect to all or any of the Collateral.

SECTION 6.2. Securities Laws. If the Collateral Agent shall determine to exercise its right to sell all or any of the Collateral that are consisting of Capital Securities pursuant to Section 6.1, each Grantor agrees that, upon request of the Collateral Agent, each Grantor will, at its own expense:

(a) execute and deliver, and cause (or, with respect to any issuer which is not a Subsidiary of such Grantor, use its reasonable best efforts to cause) each issuer of the Collateral contemplated to be sold and the directors and officers thereof to execute and deliver, all such instruments and documents, and do or cause to be done all such other acts and things, as may be necessary or, in the opinion of the Collateral Agent, advisable to register such Collateral under the provisions of the U.S. Securities Act of 1933, as amended (the "Securities Act"), and cause the registration statement relating thereto to become effective and to remain effective for such period as prospectuses are required by law to be furnished, and to make all amendments and supplements thereto and to the related prospectus which, in the opinion of the Collateral Agent, are necessary or advisable, all in conformity with the requirements of the Securities Act and the rules and regulations of the U.S. Securities and Exchange Commission applicable thereto;

(b) use its reasonable best efforts to exempt the Collateral under applicable state securities or "Blue Sky" laws and to obtain all necessary governmental approvals for the sale of the Collateral, as reasonably requested by the Collateral Agent;

(c) cause (or, with respect to any issuer that is not a Subsidiary of such Grantor, use its best efforts to cause) each such issuer to make available to its security holders, as soon as practicable, an earnings statement that will satisfy the provisions of Section 11(a) of the Securities Act; and

(d) do or cause to be done all such other acts and things as may be necessary to make such sale of the Collateral or any part thereof valid and binding and in compliance with applicable law.

SECTION 6.3. Compliance with Restrictions. Each Grantor agrees that in any sale of any of the Collateral in accordance with the terms hereof and the terms of the Collateral Agency and Intercreditor Agreement, the Collateral Agent is hereby authorized to comply with any limitation or restriction in connection with such sale as it may be advised by counsel is necessary in order to avoid any violation of applicable law (including compliance with such procedures as may restrict the number of prospective bidders and purchasers, require that such prospective bidders and purchasers have certain qualifications, and restrict such prospective bidders and purchasers to Persons who will represent and agree that they are purchasing for their own account for investment and not with a view to the distribution or resale of such Collateral), or in order to obtain any required approval of the sale or of the purchaser by any Governmental Authority, and such Grantor further agrees that such compliance shall not result in such sale being considered or deemed not to have been made in a commercially reasonable manner, nor shall the Collateral Agent be liable nor accountable to such Grantor for any discount allowed by the reason of the fact that such Collateral is sold in compliance with any such limitation or restriction.

SECTION 6.4. Protection of Collateral. The Collateral Agent may from time to time, at its option, perform any act which any Grantor fails to perform after being requested in writing so to perform (it being understood that no such request need be given after the occurrence and during the continuance of a Triggering Event) and the Collateral Agent may from time to time take any other action which the Collateral Agent deems necessary for the maintenance, preservation or protection of any of the Collateral or of its security interest therein.

ARTICLE VII MISCELLANEOUS PROVISIONS

SECTION 7.1. Debt Document. This Security Agreement is a Debt Document executed pursuant to the applicable Debt Document and in accordance with the Collateral Agency and Intercreditor Agreement and shall (unless otherwise expressly indicated herein) be construed, administered and applied in accordance with the terms and provisions of the Collateral Agency and Intercreditor Agreement.

SECTION 7.2. Binding on Successors, Transferees and Assigns; Assignment. This Security Agreement shall remain in full force and effect until the Debt Termination Date has occurred, shall be binding upon the Grantors and their successors, transferees and assigns and shall inure to the benefit of and be enforceable by each Secured Party and its successors, transferees and assigns; provided that no Grantor may (unless otherwise permitted under the terms of the Collateral Agency and Intercreditor Agreement or this Security Agreement) assign any of its obligations hereunder without the prior written consent of each Secured Party.

SECTION 7.3. Amendments, etc. No amendment to or waiver of any provision of this Security Agreement, nor consent to any departure by any Grantor from its obligations under this Security Agreement, shall in any event be effective unless the same shall be in writing and signed by the Collateral Agent (on behalf of the Secured Parties or the Required Debtholders, as the case may be, pursuant to Section 8.1 of the Collateral Agency and Intercreditor Agreement) and the Grantors and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 7.4. Notices. All notices and other communications provided for hereunder shall be in writing or by facsimile and addressed, delivered or transmitted to the appropriate party at the address or facsimile number of such party specified in the Collateral Agency and Intercreditor Agreement or at such other address or facsimile number as may be designated by such party in a notice to the other party. Any notice or other communication, if mailed and properly addressed with postage prepaid or if properly addressed and sent by pre-paid courier service, shall be deemed given when received; any such notice or other communication, if transmitted by facsimile, shall be deemed given when transmitted and electronically confirmed.

SECTION 7.5. Release of Liens. Upon (a) the Disposition of Collateral in accordance with the Credit Agreement or (b) the occurrence of the Debt Termination Date, the security interests granted herein shall automatically terminate with respect to (i) such Collateral (in the case of clause (a)) or (ii) all Collateral (in the case of clause (b)). Upon any such Disposition or termination, the Collateral Agent will, at the Grantors' sole expense, deliver to the Grantors,

without any representations, warranties or recourse of any kind whatsoever, all Collateral held by the Collateral Agent hereunder, and execute and deliver to the Grantors such documents as the Grantors shall reasonably request to evidence such termination.

SECTION 7.6. Additional Grantors. Upon the execution and delivery by any other Person of a supplement in the form of Annex I hereto, such Person shall become a "Grantor" hereunder with the same force and effect as if it were originally a party to this Security Agreement and named as a "Grantor" hereunder. The execution and delivery of such supplement shall not require the consent of any other Grantor hereunder, and the rights and obligations of each Grantor hereunder shall remain in full force and effect notwithstanding the addition of any new Grantor as a party to this Security Agreement.

SECTION 7.7. No Waiver; Remedies. In addition to, and not in limitation of Section 2.4, no failure on the part of any Secured Party to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 7.8. Headings. The various headings of this Security Agreement are inserted for convenience only and shall not affect the meaning or interpretation of this Security Agreement or any provisions thereof.

SECTION 7.9. Severability. Any provision of this Security Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such provision and such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Security Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 7.10. Governing Law, Entire Agreement, etc. THIS SECURITY AGREEMENT SHALL BE DEEMED TO BE A CONTRACT MADE UNDER AND GOVERNED BY THE INTERNAL LAWS OF THE STATE OF NEW YORK (INCLUDING FOR SUCH PURPOSE SECTIONS 5-1401 AND 5-1402 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK), EXCEPT TO THE EXTENT THAT THE PERFECTION, EFFECT OF PERFECTION OR NONPERFECTION, AND PRIORITY OF THE SECURITY INTEREST HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF NEW YORK. This Security Agreement and the other Debt Documents constitute the entire understanding among the parties hereto with respect to the subject matter hereof and thereof and supersede any prior agreements, written or oral, with respect thereto.

SECTION 7.11. Counterparts. This Security Agreement may be executed by the parties hereto in several counterparts, each of which shall be deemed to be an original and all of which shall constitute together but one and the same agreement. Delivery of an executed counterpart of a signature page to this Security Agreement by facsimile shall be effective as delivery of a manually executed counterpart of this Security Agreement.

SECTION 7.12. Reserved.

SECTION 7.13. Collateral Agency and Intercreditor Agreement. Notwithstanding anything herein to the contrary, the Grantor hereby acknowledges that the lien and security interest granted to the Collateral Agent pursuant to this Security Agreement and the exercise of any right or remedy by the Collateral Agent hereunder are subject to the provisions of the Collateral Agency and Intercreditor Agreement. The Collateral Agent shall exercise all powers, discretions, rights and remedies hereunder solely in accordance with the provisions of the Collateral Agency and Intercreditor Agreement. In the event of any conflict or inconsistency between or among the terms of the Collateral Agency and Intercreditor Agreement and this Security Agreement, the terms of the Collateral Agency and Intercreditor Agreement shall govern, except that this Security Agreement shall control with respect to (i) the imposition of the lien and security interest hereof and (ii) the governing law applicable to this Security Agreement.

IN WITNESS WHEREOF, each of the parties hereto has caused this Security Agreement to be duly executed and delivered by its Authorized Officer as of the date first above written.

COLETO CREEK POWER, LP

By: Coleto GP, LLC, as its General Partner

By: 
Name: Andrew E. Gilbert
Title: Treasurer

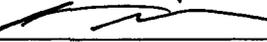
COLETO GP, LLC

By: 
Name: Andrew E. Gilbert
Title: Treasurer

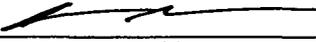
COLETO LP, LLC

By: 
Name: Andrew E. Gilbert
Title: Treasurer

ANP COLETO GP HOLDING, LLC

By: 
Name: Andrew E. Gilbert
Title: Treasurer

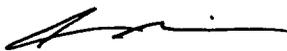
ANP COLETO LP HOLDING, LLC

By: 
Name: Andrew E. Gilbert
Title: Treasurer

INDIVIDUAL FORM OF ACKNOWLEDGEMENT

I, Andrew E. Gilbert, certify that I am the person described in and who executed the foregoing instrument and that I acknowledge that I executed the same as my free act and deed. I further declare (certify, verify or state) under penalty of perjury that the foregoing is true and correct.

Executed on July 7, 2006



Signature

CREDIT SUISSE, acting through its
Cayman Islands Branch, as Collateral Agent

By: _____

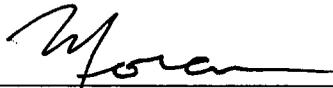
Name: JAMES MORAN
Title: MANAGING DIRECTOR


DENISE L. ALVAREZ
ASSOCIATE

INDIVIDUAL FORM OF ACKNOWLEDGEMENT

I, James Moran, certify that I am the person described in and who executed the foregoing instrument and that I acknowledge that I executed the same as my free act and deed. I further declare (certify, verify or state) under penalty of perjury that the foregoing is true and correct.

Executed on 7/12/06



Signature
James Moran