

RECORDATION NO. 1 5113 Filed & Recorded

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DEC 4 1986 10:45 AM

INTERSTATE COMMERCE COMMISSION

6-338A030

James H. Bayne
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

No.
Date DEC 4 1986
Fee \$ 10.00

100 OFFICE
THIS OFFICE
DEC 4 10 40 AM '86
PHOTO OPERATING UNIT

Dear Mr. Bayne:

ICC Washington, D. C.

Enclosed for recordation under the provisions of Section 11303 of Title 49 of the U.S. Code are the original and five counterparts of the Security Agreement dated as of October 1, 1986. The Security Agreement is a primary document.

A general description of the railroad rolling stock and locomotives covered by the enclosed documents and intended for use related to interstate commerce is set forth in Schedule A attached to this letter and made a part hereof.

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

Debtor: The Connecticut National Bank, as Trustee under Maine Central-Boston and Maine Trust No. 86-1
777 Main Street
Hartford, Connecticut 06115
Attention: Bond and Trustee Administration

Secured Party: New England Mutual Life Insurance Company, as Agent under the Security Agreement dated as of October 1, 1986
501 Boylston Street
Boston, Massachusetts 02117
Attention: Private Placements Department

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

Please return the original and any extra copies of the Security Agreement not needed by the Commission for recordation to Kathleen M. Gruca, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$10.00 covering the required recording fee.

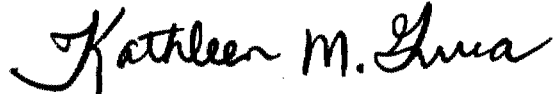
A short summary of the enclosed primary document to appear in the Index is as follows:

Handwritten signature: Kathleen M. Gruca

The Security Agreement between The Connecticut National Bank, as Trustee under Maine-Central and Boston and Maine Trust 86-1, 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trustee Administration, as Debtor, and New England Mutual Life Insurance Company, as Agent under the Security Agreement dated as of October 1, 1986, 501 Boylston Street, Boston, Massachusetts 02117, Attention: Private Placements Department, as Secured Party, covering railroad rolling stock and locomotives.

Very truly yours,

CHAPMAN AND CUTLER


By Kathleen M. Gruca, Esq.

Enclosures

DESCRIPTION OF EQUIPMENT

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
EMD GP40 Locomotives (1968)	320-321 323-324 326-335 338-342	20	\$ 75,000	\$1,500,000
EMD GP38 Locomotives (1966)	251-259 261-263	12	\$125,000	\$1,500,000
EMD GP7 Locomotives (rebuilt 1983)	470	1	\$150,000	\$ 150,000
EMD GP9 Locomotives (rebuilt 1984)	471	1	\$200,000	\$ 200,000
100 ton 4460 cu. ft. Covered Hoppers (ACF, 1966)	3400-3401 3403-3428 3430-3440 3443-3451	48	\$ 6,500	\$ 312,000
100 ton 3300 cu. ft. Covered Hoppers (Pullman, 1967)	12101-12121 12123-12146 12148-12152 12154-12156 12158 12160-12171 12173-12192 12194 12196-12200	92	\$ 12,000	\$1,104,000
100 ton 1844 cu. ft. Open Hoppers (Beth. Steel, 1966)	237 240 241-243 245-248 251-257 259-269 271-281 284 286 288-289 293-295 297-308 310 312-320 322	103	\$ 11,000	\$1,133,000

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
	325-335			
	337-344			
	346-351			
	353-357			
	359			
	361-362			
	364-365			
95 ton 3023 cu. ft. Open Hoppers (Beth. Steel, 1968)	1001-1005 1007-1008 1010-1011 1013-1023 1025-1049 1051-1052 1054 1056-1064 1066-1075 1077-1078 1080-1085 1087-1089 1091-1101 1103-1124 1126-1143 1145-1147 1149-1175 1177-1192 1194-1195 1197-1200	181	\$ 10,000	\$1,810,000
100 Ton 2244 cu. ft. Gondolas (Southern Iron, 1976)	9000-9099	100	\$ 22,000	\$2,200,000
77 ton 1995 cu. ft. Gondolas (Beth Steel, 1967)	14102-14112 14114-14122 14125-14137 14140-14143 14145-14147 14149-14151 14153-14165 14167-14189 14191-14215 14217-14221 14223-14244 14246-14249	135	\$ 1,500	\$ 202,500

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
77 ton 1776 cu. ft. Gondolas (Greenville Steel, 1965)	14300-14301 14304-14310 14312-14336 14338-14339 14341-14349	45	\$ 1,500	\$ 67,500
			Total Valuation	\$10,179,000
			Purchase Price	<u>\$10,150,000</u>

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INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT

Dated as of October 1, 1986

From

**THE CONNECTICUT NATIONAL BANK,
not in its individual capacity
but solely as Trustee under
Maine Central-Boston and Maine Trust No. 86-1**

DEBTOR

To

NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, AS AGENT

SECURED PARTY

(Maine Central-Boston and Maine Trust No. 86-1)

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Attachments to Security Agreement:

- Schedule 1 - Amortization Schedule
- Schedule 2 - Description of Equipment
- Exhibit A - Form of Secured Note

SECURITY AGREEMENT

THIS SECURITY AGREEMENT dated as of October 1, 1986 (the "Security Agreement") is from THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under the Trust Agreement dated as of October 1, 1986 (the "Trust Agreement") between the Debtor and First NH Resources, Inc., a New Hampshire corporation (the "Trustor"), with Debtor's post office address being 777 Main Street, Hartford, Connecticut 06115, Attention: Bond and Trustee Administration, to NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, as agent (the "Secured Party") for the hereinafter referred to Note Purchasers, whose post office address is 501 Boylston Street, Boston, Massachusetts, 02117, Attention: Private Placements Department.

RECITALS:

A. The Debtor has entered into a Participation Agreement dated as of October 1, 1986 (the "Participation Agreement") with the Trustor, Maine Central Railroad Company, a Maine corporation ("Maine Central"), Boston and Maine Corporation, a Delaware corporation ("Boston and Maine") (Maine Central and Boston and Maine are herein referred to collectively as the "Lessee"), Guilford Transportation Industries, Inc., a Delaware corporation (the "Guarantor") and New England Mutual Life Insurance Company, Connecticut National Life Insurance Company and New England General Life Insurance Company (collectively, the "Note Purchasers"), providing for the commitment of the Note Purchasers to purchase the 10% Secured Notes due January 1, 1995 (collectively the "Notes" and individually a "Note") of the Debtor not exceeding an aggregate principal amount of \$7,815,500. The Notes are to be dated the date of issue, to bear interest from such date at the rate of 10% per annum prior to maturity, to be expressed to mature as follows:

(a) one installment of interest only for the period from and including the date of the Notes to, but not including, January 1, 1987, payable on January 1, 1987; followed by

(b) ninety-five (95) equal installments, including both principal and interest, each in an amount equal to 1.517417% of the original principal amount of the Notes, payable monthly on February 1, 1987 and on the first day of each calendar month thereafter to and including December 1, 1994; followed by

(c) a final installment on January 1, 1995 in an amount equal to the entire principal and interest remaining unpaid as of said date;

and will be otherwise substantially in the form attached hereto as Exhibit A. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

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

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

SECTION 1. GRANT OF SECURITY.

The Debtor in consideration of the premises and of the sum of Ten Dollars received by the Debtor from the Secured Party and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all of the Debtor's covenants and conditions in the Notes and in this Security Agreement and in the Participation Agreement contained, does hereby convey, warrant, mortgage, assign, pledge and grant to the Secured Party, its successors as agent and assigns, a security interest in, all and singular of the Debtor's right, title and interest in and to the properties, rights, interests and privileges described in Sections 1.1, 1.2 and 1.3 hereof, subject always to those limitations set forth in Section 1.4 hereof and to Excepted Rights in Collateral as defined in Section 1.6 hereof (all of which properties hereby mortgaged, assigned and pledged or intended so to be are hereinafter collectively referred to as the "Collateral").

1.1. Equipment Collateral. Collateral includes the railroad equipment described in Schedule 2 attached hereto and made a part hereof (collectively the "Equipment" and individually an "Item" or "Item of Equipment") constituting the Equipment leased and delivered under the Equipment Lease Agreement dated as of October 1, 1986 (as from time to time supplemented or amended, the "Lease") between the Debtor, as lessor, and the Lessee, as lessee; together with all accessories, equipment, parts and appurtenances appertaining or attached to any of the Equipment hereinabove described, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of, and additions, improvements, accessions and accumulations to, any and all of said Equipment, together with all the rents, issues, income, profits and avails therefrom.

1.2. Rental Collateral. Collateral also includes all right, title, interest, claims and demands of the Debtor as lessor in, to and under the Lease, including all extensions of the term of the Lease, together with all rights, powers, privileges, options and other benefits of the Debtor as lessor under the Lease, including, without limitation:

(a) the immediate and continuing right to receive and collect all Basic Rent, Additional Rent, Stipulated Loss Value or Fair Market Value payments, as the case may be, and Termination Value payments (as each such term is defined in the Lease and hereinafter referred to respectively as the "Basic Rent," "Additional Rent" "Stipulated Loss Value" payments, "Fair Market Value" payments and "Termination Value" payments), together with insurance proceeds, condemnation awards and other payments, tenders and security now or hereafter payable or receivable by the Debtor as lessor under the Lease pursuant thereto, excepting only those sums reserved as Excepted Rights in Collateral under Section 1.6 hereof;

(b) the right to make all waivers and agreements and to enter into any amendments relating to the Lease or any provision thereof; and

(c) the right to take such action upon the occurrence of an Event of Default under the Lease or an event which, with the lapse of time or the giving of notice, or both, would constitute an Event of Default under the Lease, including the commencement, conduct and consummation of legal, administrative or other proceedings, as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which the Debtor or any lessor is or may be entitled to do under the Lease;

it being the intent and purpose hereof that, subject always to Excepted Rights in Collateral (as defined in Section 1.6 hereof), the assignment and transfer to the Secured Party of said rights, powers, privileges, options and other benefits shall be effective and operative immediately and shall continue in full force and effect, and the Secured Party shall have the right to collect and receive all Basic Rent, Additional Rent, Stipulated Loss Value payments, Fair Market Value payments, Termination Value payments and other sums for application in accordance with the provisions of Section 4 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

1.3. Guaranty. Collateral also includes all right, title, interest, claims and demands of the Debtor in, to and under that certain Guaranty Agreement No. 1 dated as of October 1, 1986 (as the same may from time to time be supplemented or amended, the "Guaranty") from the Guarantor to the Debtor and the Trustor pursuant to which the Guarantor absolutely and unconditionally guarantees payment by the Lessee of all sums due and owing under the Lease and performance by the Lessee of all of its obligations thereunder all upon the terms and conditions set forth in the Guaranty.

1.4. Limitations to Security Interest. The security interest granted by this Section 1 is subject to (a) the right, title and interest of the Lessee in and to the Equipment under the Lease so long as no Event of Default thereunder, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default shall have occurred and be continuing, (b) the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law), or, if delinquent, the validity of which is being contested in good faith, so long as such contest will not affect or endanger the security interest or other rights of the Secured Party hereunder, (c) liens of mechanics, materialmen and laborers for work or service performed or materials furnished which are not yet due and payable and (d) liens and charges permitted by Section 10 of the Lease (collectively "Permitted Encumbrances").

1.5. Duration of Security Interest. The Secured Party, its successors as agent and assigns shall have and hold the Collateral forever, upon the terms herein set forth, for the equal and proportionate benefits, security and protection of all present and future holders of the Notes outstanding hereunder from and after the issuance of the Notes, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever; provided, always, however, that such security interest is granted upon the express condition that if the Debtor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Participation Agreement and the Notes contained, then these presents and the estate hereby granted and conveyed shall

cease and this Security Agreement shall become null and void; otherwise to remain in full force and effect.

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

- (a) all payments of any indemnity under Section 9.1 of the Lease;
- (b) any insurance proceeds payable under general public liability policies maintained by the Lessee pursuant to Section 14 of the Lease which by the terms of such policies or the terms of the Lease are payable directly to the Debtor for its own account or the Trustor for its own account;
- (c) All payments of any indemnity under Sections 8 and 9.2 of the Lease which by the terms of such sections of the Lease are payable to the Debtor for its own account or the Trustor for its own account;
- (d) all rights of the Debtor and the Trustor under the Lease to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Trustor on account of any such indemnities or payments referred to in clauses (a), (b) and (c) above, provided that the rights excepted and reserved by this paragraph (d) shall only be deemed to permit the exercise of remedies provided for in Section 17(b)(1) of the Lease and no other remedies provided for in said Section 17(b);
- (e) all rights of the Debtor and the Trustor under the Guaranty or in law to demand, collect, sue for or otherwise obtain all amounts from the Guarantor pursuant to the Guaranty due and owing to the Debtor or the Trustor for its own respective account on account of any indemnities or payments due from the Lessee under the Lease to the Debtor or the Trustor under Section 9.1 of the Lease all upon the terms and conditions set forth in the Guaranty.

SECTION 2. COVENANTS AND WARRANTIES OF THE TRUST.

The Debtor covenants, warrants and agrees as follows:

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

specifically set forth herein and in the other Operative Agreements (as defined in the Participation Agreement and hereinafter referred to as the "Operative Agreements") and no implied obligations or covenants shall be read into this Security Agreement or any other Operative Agreements against the Debtor.

2.2. Warranty of Title. The Debtor has the right, power and authority to grant a security interest in the Collateral to the Secured Party for the uses and purposes herein set forth; and the Debtor will warrant and defend the title to the Collateral against all claims and demands of persons claiming by, through or under the Debtor, excepting only this Security Agreement and Permitted Encumbrances. The Debtor also agrees that it will, in its individual capacity and at its own cost and expense, without regard to the provisions of Section 7 hereof, promptly take such action as may be necessary to duly discharge any liens and encumbrances on the Collateral which result from claims against the Debtor in its individual capacity and not related to the ownership of the Equipment or any transactions pursuant to the Operative Agreements. Without limiting the foregoing, there is no financing statement or other filed or recorded instrument in which the Debtor is named and which the Debtor has signed, as debtor or mortgagor, now on file in any public office covering any of the Collateral excepting the financing statements or other instruments filed or to be filed in respect of and for the security interest provided for herein.

2.3. Further Assurances. The Debtor will, at no expense to the Secured Party, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the security interest herein granted in the Basic Rent, Stipulated Loss Value payments, Fair Market Value payments, Additional Rent and other sums due and to become due under the Lease, the Debtor covenants and agrees that it will, pursuant to Section 18(b) of the Lease, notify the Lessee of the assignment hereunder and direct the Lessee to make all payments of such Basic Rent, Stipulated Loss Value payments, Fair Market Value payments, Additional Rent and other sums due and to become due under the Lease, other than Excepted Rights in Collateral, directly to the Secured Party or as the Secured Party may direct in writing.

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

2.5. Recordation and Filing. The Debtor will, at the written request of the Secured Party, cause this Security Agreement and all supplements hereto, the Lease and all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at no expense to the Secured Party in such manner and in such place as may be required by law in order to fully perfect, preserve and protect the rights of the Secured Party hereunder, and will at no expense to the Secured Party furnish to the Secured Party promptly after the execution and delivery of this Security Agreement and of each supplemental Security Agreement an opinion of counsel stating that in the opinion of such counsel, this Security Agreement or such supplement, as the case may be, has been properly recorded or filed for

record so as to perfect and make effective of record the security interest intended to be created hereby.

2.6. Modifications of the Lease. The Debtor will not:

(a) declare a default or exercise the remedies of the lessor under, or terminate, modify or accept a surrender of, or offer or agree to any termination, modification or surrender of, the Lease (except the exercise of the right to demand, collect, sue for or otherwise obtain all amounts from the Lessee due the Debtor or the Trustor on account of indemnities referred to in clauses (a), (b) and (c) of Section 1.6 hereof pursuant to Section 17(b)(1) of the Lease, but not the exercise of any other right or remedy, all as expressly provided in Section 1.6(d) hereof) or by affirmative act consent to the creation or existence of any security interest or other lien to secure the payment of indebtedness upon the leasehold estate created by the Lease or any part thereof;

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

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

2.7. Power of Attorney in Respect of the Lease and Guaranty. The Debtor does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Sections 1.1, 1.2 and 1.3 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Debtor could itself do, and to endorse the name of the Debtor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Debtor or otherwise, which the Secured Party may deem necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

2.8. Notice of Default. The Debtor further covenants and agrees that it will give the Secured Party prompt written notice of any event or condition constituting an Event of Default under the Lease or hereunder or of any event or condition which would constitute an event of default or event which with the lapse of time or the giving of notice, or both, would constitute an event of default under any other Operative Agreement if in any such event an officer in the Bond and Trustee Administration Department of the Debtor has actual knowledge of such event or condition.

SECTION 3. POSSESSION, USE AND RELEASE OF PROPERTY.

3.1. Possession of Collateral. While the Debtor is not in default hereunder, it shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto, provided, always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Security Agreement. It is expressly understood that the use and possession of the Equipment by the Lessee under and subject to the Lease shall not constitute a violation of this Section 3.1.

3.2. Release of Property - Casualty Occurrence. So long as no event of default referred to in Section 17 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of any Item of Equipment designated by the Lessee for settlement pursuant to Section 12 of the Lease as a result of a Casualty Occurrence (as defined in the Lease) with respect to such Item, upon receipt from the Lessee of written notice designating such Item of Equipment as having been the subject of such Casualty Occurrence and the receipt from the Lessee of all sums payable for such Item or Items of Equipment in compliance with Section 12 of the Lease and Section 5.2(a) hereof.

3.3. Release of Property - Voluntary Termination. So long as an event of default referred to in Section 17 of the Lease has occurred and is continuing to the knowledge of the Secured Party, the Secured Party shall execute a release in respect of the Equipment in connection with the exercise by the Lessee of its right of voluntary termination pursuant to Section 24 of the Lease, upon receipt from the Lessee of written notice of its exercise of such right of termination and the receipt from the Lessee of all sums payable for the Equipment in compliance with Section 24 of the Lease and Section 5.2(b) hereof.

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

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

4.1. Application of Rents and Other Payments. As more fully set forth in Section 1.2 hereof the Debtor has hereby granted to the Secured Party a security interest in Basic Rent, Stipulated Loss Value payments, Fair Market Value payments, Additional Rent, insurance proceeds, condemnation awards, issues, profits, income and other sums due and to become due under the Lease in respect of the Equipment as security for the Notes. So long as no Event of Default as defined in Section 6 hereof has occurred and is continuing:

(a) The amounts from time to time received by the Secured Party which constitute payment by the Lessee under the Lease of the installments of Basic Rent under the Lease shall be applied first, to the payment of the

installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of Basic Rent which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor not later than the first business day following the receipt thereof;

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the Stipulated Loss Value or Fair Market Value, as the case may be, for any Item of Equipment pursuant to Section 12 of the Lease shall be applied by the Secured Party as follows:

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

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

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

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

(c) (i) The amounts, if any, received by the Secured Party which constitute payment by the Lessee of the Termination Value of the Equipment shall be paid and applied as follows: first, to the payment of a "Make-Whole Premium Amount" as provided in clause (ii) of this Section 4.1(c), second, to the payment of accrued and unpaid interest on the Notes to the date of prepayment, third, to the payment or prepayment in full of all, but not less than all, of the principal amount of the Notes then outstanding, and fourth, the balance, if any, of such amounts shall be paid to or upon the order of the Debtor;

(ii) "Make-Whole Premium Amount" shall mean an amount equal to the amount which must be added to the outstanding principal amount of the Notes in order that such amount plus such outstanding principal amount shall be equal to the present value (using a discount rate per annum equal to the Reinvestment Yield on the date of the proposed prepayment) as of the date of the proposed prepayment of all scheduled installments of principal and interest on the Notes to the maturity date thereof.

The term "Reinvestment Yield" means the arithmetic mean of the rates published for the five business days (as hereinafter defined) preceding the date of prepayment of the Notes in the weekly Statistical Release designated H.15(519) (or any successor publication) published by the Board of Governors of the Federal Reserve System, set opposite the maturity corresponding to the weighted average life to maturity, rounded to the nearest month, of the outstanding principal amount of the Notes, under the caption "U.S. Government Securities -- Treasury Constant Maturities," plus one hundred twenty-five (125) basis points. If no maturity exactly corresponding to such rounded weighted average life to maturity shall appear therein, yields for the two most closely corresponding published maturities shall be calculated pursuant to the foregoing sentence and the Reinvestment Yield shall be interpolated from such yields on a straight-line basis (rounding, in the case of relevant periods, to the nearest month). If on or before the date of prepayment of the Notes, such rates shall not have been so published, the Reinvestment Yield shall be calculated pursuant to the next preceding sentence on the basis of the arithmetic mean of the Secondary market ask rates, as of approximately 3:30 p.m., New York City time, for such five business days, on the actively traded U.S. Treasury security with a maturity most closely corresponding to such rounded weighted average life as reported by three primary United States Government securities dealers in New York City of national standing selected in good faith by the Secured Party, to which rate so derived shall be added one hundred twenty-five (125) basis points to produce the Reinvestment Yield. "Business day" means any day for which such rates for United States Government securities shall be published in such release, or, if such rates are not so published, that would have been so published in accordance with the usual practices of the Federal Reserve System.

In addition to the "Make-Whole Premium Amount" payable pursuant hereto, the Secured Party shall also be paid the amount, as reasonably estimated by the Secured Party, of the Noteholders' out-of-pocket reasonable costs and expenses in reinvesting the amount prepaid (i.e., the sums determined hereunder, without limitation, transaction and processing fees and costs, legal fees and brokerage expenses.

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

(i) So long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party,

the proceeds of such insurance shall, if the Item of Equipment is to be repaired, be released to the Debtor to reimburse the Lessee for expenditures made for such repair upon receipt by the Secured Party of a certificate of an authorized officer of the Lessee to the effect that any damage to such Item in respect of which such proceeds were paid has been fully repaired; and

(ii) If the insurance proceeds shall not have been released to the Debtor pursuant to the preceding paragraph (i) within 180 days from the receipt thereof by the Secured Party, or if within such period the Lessee shall have notified the Secured Party in writing that the Lease is to be terminated in respect of such Item in accordance with the provisions of Section 12 of the Lease then so long as no Event of Default hereunder has occurred and is continuing to the knowledge of the Secured Party, the insurance proceeds shall be applied by the Secured Party as follows:

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

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

(e) The amounts, if any, from time to time received by the Secured Party which constitute payment of Additional Rent (other than payments of Stipulated Loss Value, Fair Market Value or Termination Value) shall be paid to or upon the order of the party entitled thereto.

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

4.3. Default. If an Event of Default referred to in Section 6 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 1.2 hereof shall be applied in the manner provided for in Section 6 in respect of proceeds and avails of the Collateral.

SECTION 5. PREPAYMENT OF NOTES.

5.1. Prepayments. Neither any prepayment of any Notes nor any purchase by the Debtor of any Notes may be made except to the extent and in the manner expressly permitted by this Security Agreement. Every prepayment of Notes required to be made pursuant to Section 4 shall be made in accordance with the provisions of this Section 5.

5.2. Mandatory Prepayments.

(a) **Lease Termination - Casualty Occurrence.** In the event of a termination of the Lease with respect to any Item of Equipment by the Lessee pursuant to the provisions of Section 12 of the Lease in connection with a Casualty Occurrence (as defined in the Lease) involving such Item of Equipment and the payment of the Stipulated Loss Value or the Fair Market Value thereof, as the case may be, and all other sums with respect thereto pursuant to Section 12 of the Lease, on the date of such termination the Debtor shall prepay and apply, and there shall become due and payable, an amount equal to the Loan Value of such Item of Equipment as of such date of termination and all accrued and unpaid interest thereon, but without premium.

(b) **Termination of Lease - Voluntary Termination.** In the event of a termination of the Lease by the Lessee pursuant to the provisions of Section 24 thereof, on the date of such termination the Debtor shall prepay and there shall become due and payable the entire unpaid principal amount of the Notes, together with all accrued and unpaid interest thereon and a premium as provided for in Section 4.1(c) hereof.

(c) **Required Prepayments.** On the first day of each calendar month from and including January 1, 1987 to and including December 1, 1994, the Debtor shall prepay and apply, and there shall become due and payable on the indebtedness evidenced by the Notes, the amount specified for each such date in Schedule 1 attached to the Notes, together with accrued and unpaid interest on the amount so prepaid, but without premium.

5.3. Notice of Payment; Partial Prepayments. (a) In the case of any prepayment of the Notes (other than prepayments pursuant to Section 5.2(c)) and in the case of any other payment of the Notes which will discharge all indebtedness of the Debtor evidenced thereby, notice thereof in writing to the holders of the Notes to be so paid shall be sent by the Debtor by first-class mail, postage prepaid, to the holder of each Note to be prepaid at its address set forth in the Register described in Section 9.3 hereof, at least ten days prior to the date fixed for payment. Any notice so mailed shall be conclusively presumed to have been given to such holder whether or not such holder actually receives such notice. Such notice shall specify the date fixed for payment, the provision hereof under which such payment is being effected, and on the date fixed for payment there will become due and payable upon each Note or portion thereof so to be paid at the place where the principal of the Notes to be paid is payable, the specified amount of principal thereof, together with the accrued interest to such date, with such premium, if any, as is payable thereon.

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

5.4. Amortization Schedules. On the date of the partial prepayment of any Note (other than prepayments pursuant to Section 5.2(c)), the Debtor shall cause the Trustor to deliver to the holder thereof an amortization schedule with respect to such Note setting forth the amount of the required prepayments to be made on such Note after the date of such partial prepayment and the unpaid principal balance of such Note after each such required prepayment.

SECTION 6. DEFAULTS AND OTHER PROVISIONS.

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

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

(b) An Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease;

(c) Default on the part of the Debtor or the Trustor in the due observance or performance of any covenant or agreement to be observed or performed by the Debtor or the Trustor under this Security Agreement or the Participation Agreement, and such default shall continue unremedied for 30 days after written notice from the Secured Party to the Debtor and the Trustor specifying the default and demanding the same to be remedied;

(d) Any representation or warranty on the part of the Debtor or the Trustor made herein or in the Participation Agreement or in any report, certificate, financial or other statement furnished in connection with this Security Agreement, the Lease, the Acquisition Agreement (as defined in the Participation Agreement), the Guaranty or the Participation Agreement, or the transactions contemplated therein, shall prove to have been false or misleading in any material respect when made;

(e) Any claim, lien or charge (other than Permitted Encumbrances and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 10 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the security interest granted hereunder, and such claim, lien or charge shall not be discharged or removed within 30 days after written notice from the Secured Party or the holder of any Note to the Debtor, the Trustor and the Lessee demanding the discharge or removal thereof;

(f) In any involuntary proceeding, a conservator, receiver, liquidator, trustee or custodian of the Debtor or the Trustor or of any substantial part of the property of either thereof, is appointed by court order or by an order of an agency or supervisory authority having jurisdiction in the premises and such order remains in effect for more than 60 days; or the Debtor or the Trustor is adjudicated bankrupt or insolvent; or any of the property of either thereof is sequestered by court order or by an order of an agency or supervisory authority having jurisdiction in the premises and such order remains in effect for more than 60 days; or a petition is filed against the Debtor or the Trustor under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 60 days after such filing;

(g) The Debtor or the Trustor files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debts, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(h) The Debtor or the Trustor makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a conservator, receiver, trustee, custodian or liquidator of the Debtor or the Trustor of all or any part of the property of either thereof.

6.2. Secured Party's Rights. The Debtor agrees that when any Event of Default as defined in Section 6.1 has occurred and is continuing, but subject always to Section 7 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Debtor shall have the rights and duties of a debtor, under the Uniform Commercial Code of Massachusetts (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies, but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party or the holder of any of the Notes may, by notice in writing to the Debtor and the Trustor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon and a premium calculated in accordance with Section 5.3(ii) hereof, shall be and become immediately due and payable;

(b) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the Collateral, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Debtor, with or without notice, demand, process of law or legal procedure, if this can be done without breach of the peace, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Debtor, the Trustor and the Lessee once at least ten days prior to the date of such sale, and any other notice which may be

required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party, the Trustor or the holder or holders of the Notes, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or subject to the provisions of Section 8 hereof, for the recovery of judgment for the indebtedness hereby secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the rights of the Lessee under the Lease, provided the same is not then in default, the Secured Party may proceed to exercise all rights, privileges and remedies of the Debtor under the Lease, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Debtor for the use and benefit of the Secured Party.

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

6.4. Waiver by Debtor. To the extent permitted by law, the Debtor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and, to the full extent legally permitted, except as to rights expressly provided herein, hereby expressly waives for itself and on behalf of each and

every person, except decree or judgment creditors of the Debtor acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Security Agreement, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such power, law or laws had been made or enacted.

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

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

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

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

(c) Third, to the payment of any other sums due and owing by the Lessee or the Guarantor to the Secured Party or any other holder of the Notes under the Lease, the Guaranty or the Participation Agreement; and

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

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

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

SECTION 7. THE AGENT

The Agent and each from time to time holder of the Notes by its acceptance thereof agrees with the Secured Party as follows:

7.1. Appointment and Authorization. Each holder of the Notes appoints and authorizes the Agent to take such action as Agent on its behalf and to exercise such powers hereunder and under the Lease or the Guaranty as are delegated to the Agent by the terms hereof and thereof, together with such powers as are reasonably incidental hereto and thereto. Neither the Agent nor any of its directors, officers, shareholders or employees shall be liable to the holders of the Notes for any action taken or omitted to be taken by it or them hereunder or thereunder or in connection herewith or therewith, except for its or their own gross negligence or willful misconduct. The Agent shall not be liable to the holders of the Notes with respect to any action taken by it in good faith in accordance with the direction of the holders of not less than 66-2/3% of the outstanding principal amount of the Notes (the "Required Noteholders").

7.2. Noteholders. The Agent may treat the payee of any Note as the holder thereof until written notice of transfer shall have been filed with it signed by such payee and in form satisfactory to the Agent.

7.3. Consultation with Counsel. The Agent may consult with legal counsel selected by it and shall not be liable for any action taken or suffered in good faith by it in accordance with the opinion of such counsel.

7.4. Documents. The Agent shall not be under a duty to examine into or pass upon the validity, effectiveness, enforceability, genuineness or value of this Security Agreement, the Participation Agreement, the Lease, the Guaranty or any other agreement referred to herein, the Notes, financing statements, or any other instrument or document furnished pursuant hereto or thereto, or in connection herewith or therewith and the Agent shall be entitled to assume that the same are valid, effective, enforceable, and genuine and what they purport to be.

7.5. Agent and Affiliates. With respect to the Notes purchased by the Secured Party, it and any successor thereto as Agent hereunder shall have the same rights

and powers hereunder as any other holder of the Notes and may exercise the same as though it were not the Agent. Further, New England Mutual Life Insurance Company may generally engage in any kind of business with the Debtor, the Lessee or the Guarantor or any of their respective affiliates as if it were not the Agent.

7.6. Ratable Interest of Holders of the Notes in Collateral; Responsibilities of Agent. The interest of each holder of the Notes in the Collateral shall be the aggregate unpaid principal amount of the Notes held by such holder of the Notes from time to time plus accrued and unpaid interest thereon and any amounts owing to it by the Debtor hereunder, but without priority or preference of any holder of the Notes over the other. It is expressly understood and agreed that the obligations of the Agent as holder of the Collateral, and with respect to the disposition thereof, are only those expressly set forth herein and that the Agent shall be entitled to assume that no Event of Default or event which with the lapse of time or giving of notice, or both would constitute an Event of Default hereunder has occurred and is continuing, unless the Agent has actual knowledge of such fact.

7.7. Action by Agent. The Agent shall incur no liability to the holders of the Notes under or in respect of this Security Agreement, the Participation Agreement, the Lease or the Guaranty by acting upon any notice, certificate, warranty or other paper or instrument believed by it to be genuine or authentic or to be signed by the proper party or parties, or with respect to anything which it may do or refrain from doing in the exercise of its judgment, or which may seem to it to be necessary or desirable in the circumstances, in the absence of gross negligence or willful misconduct.

7.8. Non-Reliance on Agent and Other Holders of the Notes. Each holder of the Notes expressly acknowledges that none of the Agent, the other holders of the Notes and their respective affiliates has made any representations or warranties to it and none shall be responsible for the accuracy or completeness of any statements or representations (written or oral) made in or in connection with this Security Agreement, the Participation Agreement, the Lease, the Guaranty or the Notes and that no act by the Agent, the other holders of the Notes or any of their respective affiliates hereinafter taken, including any review of the affairs of the Debtor, the Lessee or the Guarantor, shall be deemed to constitute any representation or warranty by the Agent, any other holder of the Notes or any of their respective affiliates to any holder of the Notes. Each holder of the Notes represents to the Agent, the other holders of the Notes and their respective affiliates that it has, independently and without reliance upon the Agent, any other holders of the Notes or any of their respective affiliates, and based upon such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the financial condition, creditworthiness, affairs, status and nature of the Debtor, the Lessee and the Guarantor, and made its own decision to enter into the Participation Agreement. Each holder of the Notes also represents that it will, independently and without reliance upon the Agent, or any other holder of the Notes or any of their respective affiliates, and based on such documents and information, as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions and its own legal and regulatory analysis in entering into or in taking or not taking action under this Security Agreement, the Participation Agreement, the Lease, the Guaranty or the Notes and continue to make such investigation as it deems necessary to inform itself as to the status and affairs, financial or otherwise, of the Debtor, the Lessee or the Guarantor. Except for notices, reports and other documents expressly required to be furnished to the holders of the Notes by the Agent hereunder or under any of the other agreements referred to herein, the Agent shall not have any duty or responsibility to provide any

holder of the Notes with any credit, legal, regulatory or other information concerning the affairs, financial condition or business of the Debtor, the Lessee or the Guarantor or legal or regulatory matters which may come into the possession of the Agent or any of its affiliates.

7.9. Indemnification. The holders of the Notes agree upon demand to reimburse the Agent for, and indemnify the Agent from and against ratably according to the unpaid principal amount of their Notes, any and all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind or nature whatsoever which may be imposed on, incurred by or asserted against the Agent, in its capacity as Agent, in any way relating to or arising out of this Security Agreement, the Participation Agreement, the Lease, the Guaranty or the Notes or any action taken or omitted by the Agent under this Security Agreement, the Participation Agreement, the Lease, the Guaranty or the Notes, provided that no holder of the Notes shall be liable for any portion of such liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements resulting from the Agent's gross negligence or willful misconduct (provided, further, that the foregoing proviso shall not apply with respect to any action taken or omitted to be taken by the Agent in good faith in accordance with the direction of the Required Noteholders). No provision of this Security Agreement shall require the Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

7.10. Successor Agent. The Agent acting hereunder and/or under the Participation Agreement, the Lease, the Guaranty or the Notes at any time may resign by an instrument addressed and delivered to all the holders of the Notes, the Debtor, the Lessee and the Guarantor and may be removed at any time with or without cause by an instrument in writing duly executed by or on behalf of the Required Noteholders. The Required Noteholders shall also have the right to appoint a successor to the Agent hereunder and upon any such resignation or removal by instrument of substitution complying with the requirements, without other formality than appointment and designation in writing, a copy of which instrument or writing shall be sent to the holders of the Notes, the Debtor, the Lessee and the Guarantor; however, the validity of any such appointment shall not be impaired or affected by any failure to give any such notice or by any defect therein. Upon the making of such appointment, such successor Agent hereunder shall thereupon succeed to and become vested with all the rights, powers, privileges and duties hereby conferred upon the Agent, and one such appointment and designation shall not exhaust the right to appoint and designate further successor Agents. No Agent shall be discharged from its duties and obligations hereunder until such Agent shall have executed and delivered to the successor Agent appropriate instruments substituting such successor Agent for purposes of this Security Agreement. If no successor Agent shall be appointed, as aforesaid, or if appointed, shall not have accepted its appointment, within 30 days after resignation or removal of the retiring Agent, then the retiring Agent or any holder of the Notes may apply to any court of competent jurisdiction for the appointment of a successor Agent, which appointment shall be binding upon all holders of the Notes.

7.11. Co-Agents. At any time, for the purpose of meeting any legal requirements of any jurisdiction in which any part of the Collateral may at the time be located, the Agent shall have power and may execute and deliver all instruments, to

appoint one or more Persons to act as co-agent, or co-agents, jointly with the Agent, or separate agent or separate agents, of all or any part of the Collateral, and to vest in such person or persons, in such capacity, such title to the Collateral or any part thereof, and such rights, powers, duties, trusts, or obligations as the Agent may consider necessary or desirable or as may be required by law. In any such event the Agent agrees that it shall use its reasonable best efforts to select a co-agent or co-agents whose fees for acting in such capacity are reasonable.

SECTION 8. LIMITATIONS OF LIABILITY.

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holders of the Notes and their respective successors and assigns that this Security Agreement is executed by, The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut National Bank, or for the purpose or with the intention of binding The Connecticut National Bank, personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Security Agreement is executed and delivered by The Connecticut National Bank, solely in the exercise of the powers expressly conferred upon The Connecticut National Bank, as trustee under the Trust Agreement, that actions to be taken by the Debtor pursuant to its obligations hereunder may, in certain instances be taken by the Debtor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut National Bank, personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Secured Party and by any person claiming by, through or under the Secured Party, and that all payments to be made by the Debtor in respect of the Notes or under this Security Agreement shall be made only from the income and the proceeds from the Collateral and that the Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or the Note Purchasers, as the case may be, as herein provided and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable in respect of the Notes or this Security Agreement or, except as provided herein, for any liability under this Security Agreement; provided, however, that nothing contained in this Section 8 shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 6 hereof, and provided, further, that nothing contained in this Section 8 shall be construed to limit the liability of The Connecticut National Bank, in its individual capacity for any breach of any representations, warranties or agreements set forth in Section 3.2, 3.4 or 7 of the Participation Agreement or in the second sentence of Section 2.2 of this Security Agreement or to limit its liability for gross negligence or willful misconduct.

SECTION 9. MISCELLANEOUS.

9.1. Registration and Execution. The Notes shall be registered as to principal and interest and shall be signed on behalf of the Debtor by an officer of the Debtor who, at the date of the actual execution thereof, shall be a proper officer to execute the same.

9.2. Payment of the Notes. (a) The principal of, and premium, if any, and interest on the Notes shall be payable by wire transfer of immediately available funds, in the case of the Note Purchasers, as provided in Schedule 2 to the Participation Agreement or as any such Note Purchaser shall otherwise designate, and in the case of all other holders of the Notes, to such bank or trust company in the continental United States for the account of such holder as the holder shall designate to the Debtor from time to time in writing, and if no such designation is in effect, by check, duly mailed, by first class, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 9.3 hereof. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Note to the extent of the sums so paid. Each holder (or the person for whom such holder is a nominee) by its acceptance of any Note agrees that, before selling, transferring or otherwise disposing of such Note, it will present such Note to the Debtor for transfer and notation as provided in Sections 9.4 and 9.5 hereof.

(b) All amounts constituting payment of the installments of Basic Rent or Stipulated Loss Value or Fair Market Value payments under the Lease, as the case may be, received by the Secured Party and applied on the Notes pursuant to Section 5 hereof shall be valid and effectual to satisfy and discharge the liability upon such Notes to the extent of the amounts so received and applied.

9.3. The Register. The Debtor will keep at its principal office a register for the registration and transfer of Notes (herein called the "Register"). The names and addresses of the holders of the Notes, the transfers of the Notes and the names and addresses of the transferees of all Notes shall be registered in the Register.

9.4. Transfers and Exchanges of Notes; Lost or Mutilated Notes.

(a) The holder of any Note may transfer such Note and the Debtor shall cause the Trustor to prepare a new Note or Notes in the name of the transferee and in denominations not less than \$50,000 in aggregate principal amount equal to the unpaid principal amount of the Note to be surrendered and the Debtor shall execute and deliver such new Note or Notes to such transferee. Thereupon, such holder shall deliver the Notes to be surrendered to the Debtor at its principal corporate trust office.

(b) The holder of any Note or Notes may request in writing a new Note or Notes in the same aggregate principal amount as the then unpaid principal amount of the Note or Notes held by such holder and in denominations of \$50,000 or such amount in excess thereof as may be specified in such request and the Debtor shall cause the Trustor to prepare a new Note or Notes in the name of such holder in the denomination or denominations so requested and in the aggregate principal amount equal to the aggregate unpaid principal amount of the Note or Notes to be surrendered and the Debtor shall execute and deliver such new Note or Notes to such holder. Thereupon, such holder shall surrender the Note or Notes in respect of which such transfer has occurred to the Debtor at its principal corporate trust office.

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

(d) No notarial act shall be necessary for the transfer or exchange of any Note pursuant to this Section 9.4, and the holder of any Note issued as provided in this Section 9.4 shall be entitled to any and all rights and privileges granted under this Security Agreement to a holder of a Note.

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

9.5. The New Notes.

(a) Each new Note (herein, in this Section 9.5, called a "New Note") issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Note (herein, in this Section 9.5, called an "Old Note") shall be dated the date of such Old Note. The Debtor shall cause the Trustor to mark on each New Note (i) the dates to which principal and interest have been paid on such Old Note, (ii) all payments and prepayments of principal previously made on such Old Note which are allocable to such New Note, and (iii) the amount of each installment payment payable on such New Note. Each installment payment payable on such New Note on any date shall bear the same proportion to the installment payment payable on such Old Note on such date as the original principal amount of such New Note bears to the original aggregate principal amount of such Old Note. Interest shall be deemed to have been paid on such New Note to the date on which interest shall have been paid on such Old Note, and all payments and prepayments of principal marked on such New Note, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) All New Notes issued pursuant to Section 9.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Notes shall be valid obligations of the Debtor evidencing the same debt as the Old Notes and shall be entitled to the benefits and security of this Security Agreement to the same extent as the Old Notes.

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

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

9.7. Registered Owner. The person in whose name any Note shall be registered shall be deemed and treated as the owner thereof for all purposes of this Security Agreement and the Debtor shall not be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Note shall be made only to or upon the order in writing of such registered owner. For the purpose of any request, direction or consent hereunder, the Debtor may deem and treat the registered owner of any Note as the owner thereof without production of such Note.

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

9.9. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision herein contained unenforceable or invalid, provided that nothing contained in this Section 9.9 shall be construed to be in derogation of any rights or immunities of the Debtor in its individual capacity under Section 8 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 8.

9.10. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, first class, postage prepaid, addressed as follows:

If to the Debtor: The Connecticut National Bank, as Trustee
777 Main Street
Hartford, Connecticut 06115
Attention: Bond and Trustee Administration

If to the Trustor: First NH Resources, Inc.
One Financial Center
Boston, Massachusetts 02111
Attention: President

If to the Secured Party: New England Mutual Life Insurance Company,
as Agent under the Security Agreement
dated as of October 1, 1986
501 Boylston Street
Boston, Massachusetts 02117
Attention: Private Placements Department

If to the Note Purchasers
or to another holder
of Notes: At their addresses for notices set
forth in the Register

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

9.11. Amendments. This Security Agreement may, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

9.12. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness hereby secured has been fully paid or discharged.

9.13. Governing Law. This Security Agreement and the Notes shall be construed in accordance with and governed by the laws of the Commonwealth of Massachusetts; provided, however, that the Secured Party shall be entitled to all the rights conferred by any applicable Federal statute, rule or regulation.

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

9.15. Headings. The Table of Contents and any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

IN WITNESS WHEREOF, the Debtor has caused this Security Agreement to be executed and New England Mutual Life Insurance Company in evidence of its acceptance of the agency hereby created has caused this Security Agreement to be executed on its behalf by one of its VPS, all as of the day and year first above written.

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity but solely
as trustee under Maine Central-Boston
and Maine Trust No. 86-1

By [Signature]
Its VICE PRESIDENT

**NEW ENGLAND MUTUAL LIFE
INSURANCE COMPANY,** as Agent
under the Security Agreement
dated as of October 1, 1986

Adm By [Signature]
Its GEORGE G. PALFREY
SECOND VICE PRESIDENT

The undersigned First NH Resources, Inc., a New Hampshire corporation, joins in the execution of this Security Agreement for the purpose of and does hereby assign and grant to the Secured Party a security interest in and to all right, title, interest, claims and demands of the Trustor in, to and under the Guaranty excepting only with respect Excepted Rights in Collateral as and to the extent contemplated by Section 1.6 of this Security Agreement.

FIRST NH RESOURCES, INC.

By [Signature]
Its SVP

STATE OF CONNECTICUT

COUNTY OF Hartford

)
) SS
)

On this 25th day of ~~December~~ November, 1986, before me personally appeared LAURA CROWLEY to me personally known, who being by me duly sworn, says that he is a VICE PRESIDENT of THE CONNECTICUT NATIONAL BANK, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dr. Cowley
Notary Public

(SEAL)

My commission expires:

My Commission Expires Mar. 31, 1989

COMMONWEALTH OF MASSACHUSETTS)
) SS
COUNTY OF Suffolk)

On this _____ day of December, 1986, before me personally appeared George G. Palfrey, to me personally known, who being by me duly sworn, says that he is a Second Vice President of NEW ENGLAND MUTUAL LIFE INSURANCE COMPANY, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Denise Masiello
Notary Public

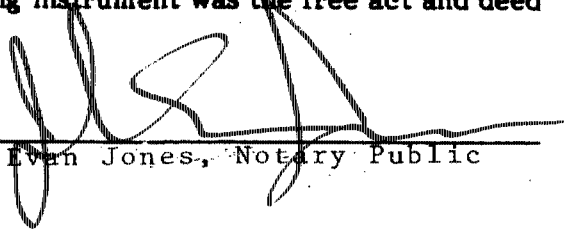
(SEAL)

My commission expires:

DENISE MASELLO
NOTARY PUBLIC
Commonwealth of Massachusetts
My Commission Expires September 25, 1988

COMMONWEALTH OF MASSACHUSETTS)
) SS
COUNTY OF SUFFOLK)

On this 24th day of November, 1986, before me personally appeared Frederic S. Becker, to me personally known, who being by me duly sworn, says that he is a Sr. VicePresident of First NH Resources, Inc., that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



John Ivan Jones, Notary Public

(SEAL)

My commission expires: November 16, 1990

AMORTIZATION SCHEDULE

(Payments Required Per \$1,000,000 Principal Amount of 10%
Secured Notes Due January 1, 1995 Issued by Debtor)

<u>Date of Installment</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Principal Balance</u>
February 1, 1987	15,174.17	8,333.33	6,840.84	993,159.16
March 1, 1987	15,174.17	8,276.33	6,897.84	986,261.32
April 1, 1987	15,174.17	8,218.84	6,955.33	979,305.99
May 1, 1987	15,174.17	8,160.88	7,013.29	972,292.70
June 1, 1987	15,174.17	8,102.44	7,071.73	965,220.97
July 1, 1987	15,174.17	8,043.51	7,130.66	958,090.31
August 1, 1987	15,174.17	7,984.09	7,190.08	950,900.23
September 1, 1987	15,174.17	7,924.17	7,250.00	943,650.23
October 1, 1987	15,174.17	7,863.75	7,310.42	936,339.81
November 1, 1987	15,174.17	7,802.83	7,371.34	928,968.47
December 1, 1987	15,174.17	7,741.40	7,432.77	921,535.70
January 1, 1987	15,174.17	7,679.46	7,494.71	914,040.99
February 1, 1988	15,174.17	7,617.01	7,557.16	906,483.83
March 1, 1988	15,174.17	7,554.03	7,620.14	898,863.69
April 1, 1988	15,174.17	7,490.53	7,683.64	891,180.05
May 1, 1988	15,174.17	7,426.50	7,747.67	883,432.38
June 1, 1988	15,174.17	7,361.94	7,812.23	875,620.15
July 1, 1988	15,174.17	7,296.83	7,877.34	867,742.81
August 1, 1988	15,174.17	7,231.19	7,942.98	859,799.83
September 1, 1988	15,174.17	7,165.00	8,009.17	851,790.66
October 1, 1988	15,174.17	7,098.26	8,075.91	843,714.75
November 1, 1988	15,174.17	7,030.96	8,143.21	835,571.54
December 1, 1988	15,174.17	6,963.10	8,211.07	827,360.47
January 1, 1988	15,174.17	6,894.67	8,279.50	819,080.97
February 1, 1989	15,174.17	6,825.67	8,348.50	810,732.47
March 1, 1989	15,174.17	6,756.10	8,418.07	802,314.40
April 1, 1989	15,174.17	6,685.95	8,488.22	793,826.18
May 1, 1989	15,174.17	6,615.22	8,558.95	785,267.23
June 1, 1989	15,174.17	6,543.89	8,630.28	776,636.95
July 1, 1989	15,174.17	6,471.97	8,702.20	767,934.75
August 1, 1989	15,174.17	6,399.46	8,774.71	759,160.04
September 1, 1989	15,174.17	6,326.33	8,847.84	750,312.20
October 1, 1989	15,174.17	6,252.60	8,921.57	741,390.63
November 1, 1989	15,174.17	6,178.26	8,995.91	732,394.72
December 1, 1989	15,174.17	6,103.29	9,070.88	723,323.84
January 1, 1989	15,174.17	6,027.70	9,146.47	714,177.37
February 1, 1990	15,174.17	5,951.48	9,222.69	704,954.68
March 1, 1990	15,174.17	5,874.62	9,299.55	695,655.13
April 1, 1990	15,174.17	5,797.13	9,377.04	686,278.09
May 1, 1990	15,174.17	5,718.98	9,455.19	676,822.90
June 1, 1990	15,174.17	5,640.19	9,533.98	667,288.92
July 1, 1990	15,174.17	5,560.74	9,613.43	657,675.49

SCHEDULE 1
(to Security Agreement)

<u>Date of Installment</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Principal Balance</u>
August 1, 1990	15,174.17	5,480.63	9,693.54	647,981.95
September 1, 1990	15,174.17	5,399.85	9,774.32	638,207.63
October 1, 1990	15,174.17	5,318.40	9,855.77	628,351.86
November 1, 1990	15,174.17	5,236.27	9,937.90	618,413.96
December 1, 1990	15,174.17	5,153.45	10,020.72	608,393.24
January 1, 1990	15,174.17	5,069.94	10,104.23	598,289.01
February 1, 1991	15,174.17	4,985.74	10,188.43	588,100.58
March 1, 1991	15,174.17	4,900.84	10,273.33	577,827.25
April 1, 1991	15,174.17	4,815.23	10,358.94	567,468.31
May 1, 1991	15,174.17	4,728.90	10,445.27	557,023.04
June 1, 1991	15,174.17	4,641.86	10,532.31	546,490.73
July 1, 1991	15,174.17	4,554.09	10,620.08	535,870.65
August 1, 1991	15,174.17	4,465.59	10,708.58	525,162.07
September 1, 1991	15,174.17	4,376.35	10,797.82	514,364.25
October 1, 1991	15,174.17	4,286.37	10,887.80	503,476.45
November 1, 1991	15,174.17	4,195.64	10,978.53	492,497.92
December 1, 1991	15,174.17	4,104.15	11,070.02	481,427.90
January 1, 1991	15,174.17	4,011.90	11,162.27	470,265.63
February 1, 1992	15,174.17	3,918.88	11,255.29	459,010.34
March 1, 1992	15,174.17	3,825.09	11,349.08	447,661.26
April 1, 1992	15,174.17	3,730.51	11,443.66	436,217.60
May 1, 1992	15,174.17	3,635.15	11,539.02	424,678.58
June 1, 1992	15,174.17	3,538.99	11,635.18	413,043.40
July 1, 1992	15,174.17	3,442.03	11,732.14	401,311.26
August 1, 1992	15,174.17	3,344.26	11,829.91	389,481.35
September 1, 1992	15,174.17	3,245.68	11,928.49	377,552.86
October 1, 1992	15,174.17	3,146.27	12,027.90	365,524.96
November 1, 1992	15,174.17	3,046.04	12,128.13	353,396.83
December 1, 1992	15,174.17	2,944.97	12,229.20	341,167.63
January 1, 1992	15,174.17	2,843.06	12,331.11	328,836.52
February 1, 1993	15,174.17	2,740.30	12,433.87	316,402.65
March 1, 1993	15,174.17	2,636.69	12,537.48	303,865.17
April 1, 1993	15,174.17	2,532.21	12,641.96	291,223.21
May 1, 1993	15,174.17	2,426.86	12,747.31	278,475.90
June 1, 1993	15,174.17	2,320.63	12,853.54	265,622.36
July 1, 1993	15,174.17	2,213.52	12,960.65	252,661.71
August 1, 1993	15,174.17	2,105.51	13,068.66	239,593.05
September 1, 1993	15,174.17	1,996.61	13,177.56	226,415.49
October 1, 1993	15,174.17	1,886.80	13,287.37	213,128.12
November 1, 1993	15,174.17	1,776.07	13,398.10	199,730.02
December 1, 1993	15,174.17	1,664.42	13,509.75	186,220.27
January 1, 1993	15,174.17	1,551.84	13,622.33	172,597.94
February 1, 1994	15,174.17	1,438.32	13,735.85	158,862.09
March 1, 1994	15,174.17	1,323.85	13,850.32	145,011.77
April 1, 1994	15,174.17	1,208.43	13,965.74	131,046.03
May 1, 1994	15,174.17	1,092.05	14,082.12	116,963.91

<u>Date of Installment</u>	<u>Total Payment</u>	<u>Portion Allocated to Interest</u>	<u>Portion Allocated to Principal</u>	<u>Principal Balance</u>
June 1, 1994	15,174.17	974.70	14,199.47	102,764.44
July 1, 1994	15,174.17	856.37	14,317.80	88,446.64
August 1, 1994	15,174.17	737.06	14,437.11	74,009.53
September 1, 1994	15,174.17	616.75	14,557.42	59,452.11
October 1, 1994	15,174.17	495.43	14,678.74	44,773.37
November 1, 1994	15,174.17	373.11	14,801.06	29,972.31
December 1, 1994	15,174.17	249.77	14,924.40	15,047.91
January 1, 1995	15,173.31	125.40	15,047.91	0.00

TOTALS

DESCRIPTION OF EQUIPMENT

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
EMD GP40 Locomotives (1968)	320-321 323-324 326-335 338-342	20	\$ 75,000	\$1,500,000
EMD GP38 Locomotives (1966)	251-259 261-263	12	\$125,000	\$1,500,000
EMD GP7 Locomotives (rebuilt 1983)	470	1	\$150,000	\$ 150,000
EMD GP9 Locomotives (rebuilt 1984)	471	1	\$200,000	\$ 200,000
100 ton 4460 cu. ft. Covered Hoppers (ACE, 1966)	3400-3401 3403-3428 3430-3440 3443-3451	48	\$ 6,500	\$ 312,000
100 ton 3300 cu. ft. Covered Hoppers (Pullman, 1967)	12101-12121 12123-12146 12148-12152 12154-12156 12158 12160-12171 12173-12192 12194 12196-12200	92	\$ 12,000	\$1,104,000
100 ton 1844 cu. ft. Open Hoppers (Beth. Steel, 1966)	237 240 241-243 245-248 251-257 259-269 271-281 284 286 288-289 293-295 297-308 310 312-320 322	103	\$ 11,000	\$1,133,000

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
	325-335			
	337-344			
	346-351			
	353-357			
	359			
	361-362			
	364-365			
95 ton 3023 cu. ft. Open Hoppers (Beth. Steel, 1968)	1001-1005 1907-1008 1010-1011 1013-1023 1025-1049 1051-1052 1054 1056-1064 1066-1075 1077-1078 1080-1085 1087-1089 1091-1101 1103-1124 1126-1143 1145-1147 1149-1175 1177-1192 1194-1195 1197-1200	181	\$ 10,000	\$1,810,000
100 Ton 2244 cu. ft. Gondolas (Southern Iron, 1976)	9000-9099	100	\$ 22,000	\$2,200,000
77 ton 1995 cu. ft. Gondolas (Beth Steel, 1967)	14102-14112 14114-14122 14125-14137 14140-14143 14145-14147 14149-14151 14153-14165 14167-14189 14191-14215 14217-14221 14223-14244 14246-14249	135	\$ 1,500	\$ 202,500

<u>Equipment Type</u>	<u>Series Numbers</u>	<u>Number Units</u>	<u>Unit Valuation and Unit Purchase Price</u>	<u>Total Valuation and Total Purchase Price</u>
77 ton 1776 cu. ft. Gondolas (Greenville Steel, 1965)	14300-14301 14304-14310 14312-14336 14338-14339 14341-14349	45	\$ 1,500	\$ 67,500
			Total Valuation	\$10,179,000
			Purchase Price	<u>\$10,150,000</u>

THE CONNECTICUT NATIONAL BANK
Not In Its Individual Capacity But Solely
As Trustee Under
Maine Central-Boston and Maine Trust No. 86-1

10% SECURED NOTE DUE JANUARY 1, 1995

No. _____

Hartford, Connecticut

\$ _____

_____, 1986

FOR VALUE RECEIVED, the undersigned, THE CONNECTICUT NATIONAL BANK, a national banking association, not in its individual capacity but solely as trustee (the "Debtor") under Trust Agreement dated as of October 1, 1986 (the "Trust Agreement") between it and First NH Resources, Inc., a Delaware corporation (the "Trustor"), promises to pay to

or registered assigns,
the principal sum of

(\$ _____) DOLLARS

together with interest from the date hereof until maturity at the rate of 10% per annum (computed on the basis of a 360-day year of twelve consecutive 30-day months) on the unpaid principal hereof, in installments as follows:

(i) one installment of interest for the period from and including the date of this Note to, but not including, January 1, 1987, payable on January 1, 1987; followed by

(ii) ninety-five (95) equal installments including both principal and interest, each in the amount of \$ _____, payable monthly on February 1, 1987 and on the first day of each calendar month thereafter to and including December 1, 1994; followed by

(iii) a final installment on January 1, 1995 in an amount equal to the entire principal and interest remaining unpaid as of said date.

and to pay interest on overdue principal and (to the extent legally enforceable) on overdue interest at the rate of 12% per annum after maturity, whether by acceleration or otherwise, until paid. Both the principal hereof and interest hereon are payable to the registered holder hereof in coin or currency of the United States of America which at the time of payment shall be legal tender for the payment of public and private debts.

This Note is one of the 10% Secured Notes due January 1, 1995 of the Debtor not exceeding \$7,815,500 in aggregate principal amount (the "Notes") issued under and

EXHIBIT A
(to Security Agreement)

pursuant to the Participation Agreement dated as of October 1, 1986 (the "Participation Agreement") among the Debtor, the Trustor, Maine Central Railroad Company, a Maine corporation ("Maine Central"), Boston and Maine Corporation, a Delaware corporation ("Boston and Maine") (Maine Central and Boston and Maine are herein referred to collectively as the "Lessee"), Guilford Transportation Industries, Inc., a Delaware corporation (the "Guarantor"), and New England Mutual Life Insurance Company, Connecticut National Life Insurance Company and New England General Life Insurance Company (collectively, the "Note Purchasers") and also issued under and equally and ratably secured by that certain Security Agreement dated as of October 1, 1986 (the "Security Agreement") from the Debtor to New England Mutual Life Insurance Company, as agent for the Note Purchasers (in such capacity, the "Secured Party"). Reference is made to the Security Agreement and all supplements and amendments thereto executed pursuant to the Security Agreement for a description of the collateral, the nature and extent of the security and rights of the Secured Party, the holder or holders of the Notes and of the Debtor in respect thereof.

This Note is not subject to prepayment or redemption at the option of the Debtor prior to its expressed maturity date except on the terms and conditions and in the amounts and with the premium, if any, set forth in Sections 4 and 5 of the Security Agreement.

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

This Note is a registered Note and is transferable only by surrender thereof at the principal corporate office of the Debtor, duly endorsed or accompanied by a written instrument of transfer, if required by the Debtor, duly executed by the registered holder of this Note or his attorney duly authorized in writing.

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

It is expressly understood and agreed by and between the Debtor, the Secured Party and the holder of this Note and their respective successors and assigns that this Note is executed by The Connecticut National Bank, not individually or personally but solely as trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such trustee, that each and all of the representations, undertakings and agreements herein made on the part of the Debtor are each and every one of them made and intended not as personal representations, undertakings and agreements by the Debtor or for the purpose or with the intention of binding the Debtor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Participation Agreement, that this Note is executed and delivered by the Debtor solely in the exercise of the powers expressly conferred upon the Debtor as trustee under the Trust Agreement, nothing herein contained shall be construed as creating any liability on the Debtor personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut National Bank, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the holder of this Note and by each and every person now or hereafter claiming by, through or under the holder of this Note and that all payments to be made by the Debtor under this Note or the Security Agreement shall be made only from the income and the proceeds from the Collateral and that the

Secured Party, each Note Purchaser and any person claiming by, through or under such persons, agree that they will look solely to the income and proceeds from the Collateral to the extent available for distribution to the Secured Party or such Note Purchasers, as the case may be, as provided in the Security Agreement and that neither the Debtor nor the Trustor is personally liable to the Secured Party or the Note Purchasers or any person claiming by, through or under such persons, for any amounts payable under this Note or the Security Agreement or, except as provided in the Security Agreement, for any liability under the Security Agreement; provided, however, that nothing contained in this paragraph shall be construed to limit or otherwise modify the rights and remedies of the Secured Party and the holders of the Notes contained in Section 6 of the Security Agreement; and provided further, that nothing contained in this paragraph shall be construed to limit the liability of The Connecticut National Bank in its individual capacity for any breach of any representations or warranties or agreements set forth in Sections 3.2, 3.4 or 7 of the Participation Agreement or in the second sentence of Section 2.2 of the Security Agreement or to limit the liability of The Connecticut National Bank for gross negligence or willful misconduct.

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

THE CONNECTICUT NATIONAL BANK,
not in its individual capacity but solely as
trustee under Maine Central-Boston and
Maine Trust No. 86-1

By _____
Its _____

NOTICE

THIS NOTE HAS NOT BEEN REGISTERED PURSUANT TO THE SECURITIES ACT OF 1933 OR UNDER THE SECURITIES LAWS OF ANY STATE. THE NOTE MAY NOT BE OFFERED OR SOLD UNLESS IT IS REGISTERED UNDER THE APPLICABLE SECURITIES LAWS OR UNLESS AN EXEMPTION FROM SUCH REGISTRATION IS AVAILABLE.