

FORM 10-Q

(Mark One)

Quarterly Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

For the quarterly period ended MARCH 31, 2000

or

Transition Report Pursuant to Section 13 or 15(d) of the Securities
Exchange Act of 1934

Commission File No. 1-3548

MINNESOTA POWER, INC.
A Minnesota Corporation
IRS Employer Identification No. 41-0418150
30 West Superior Street
Duluth, Minnesota 55802-2093
Telephone - (218) 722-2641

Indicate by check mark whether the registrant (1) has filed all reports required
to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during
the preceding 12 months and (2) has been subject to such filing requirements for
the past 90 days.

Yes X No
----- -----

Common Stock, no par value,
73,994,032 shares outstanding
as of April 30, 2000

MINNESOTA POWER, INC.

INDEX

	Page
Part I. Financial Information	
Item 1. Financial Statements	
Consolidated Balance Sheet - March 31, 2000 and December 31, 1999	1
Consolidated Statement of Income - Quarter Ended March 31, 2000 and 1999	2
Consolidated Statement of Cash Flows - Quarter Ended March 31, 2000 and 1999	3
Notes to Consolidated Financial Statements	4
Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operations	7
Item 3. Quantitative and Qualitative Disclosures about Market Risk	11
Part II. Other Information	
Item 5. Other Information	11
Item 6. Exhibits and Reports on Form 8-K	13
Signatures	14

DEFINITIONS

The following abbreviations or acronyms are used in the text.

Abbreviation or Acronym	Term
1999 Form 10-K	Minnesota Power's Annual Report on Form 10-K for the Year Ended December 31, 1999
ADESA	ADESA Corporation
AFC	Automotive Finance Corporation
Capital Re	Capital Re Corporation
Common Stock	Minnesota Power, Inc. Common Stock
Company	Minnesota Power, Inc. and its subsidiaries
DRIP	Dividend Reinvestment and Stock Purchase Plan
ESOP	Employee Stock Ownership Plan
FERC	Federal Energy Regulatory Commission
Heater	Heater Utilities, Inc.
Florida Water	Florida Water Services Corporation
FPSC	Florida Public Service Commission
MAPP	Mid-Continent Area Power Pool
Minnesota Power	Minnesota Power, Inc. and its subsidiaries
MPUC	Minnesota Public Utilities Commission
NCUC	North Carolina Utilities Commission
PCUC	Palm Coast Utility Corporation
PSCW	Public Service Commission of Wisconsin
Square Butte	Square Butte Electric Cooperative

SAFE HARBOR STATEMENT
UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

In connection with the safe harbor provisions of the Private Securities Litigation Reform Act of 1995 (Reform Act), the Company is hereby filing cautionary statements identifying important factors that could cause the Company's actual results to differ materially from those projected in forward-looking statements (as such term is defined in the Reform Act) made by or on behalf of the Company in this quarterly report on Form 10-Q, in presentations, in response to questions or otherwise. Any statements that express, or involve discussions as to expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as "anticipates," "believes," "estimates," "expects," "intends," "plans," "predicts," "projects," "will likely result," "will continue," or similar expressions) are not statements of historical facts and may be forward-looking.

Forward-looking statements involve estimates, assumptions, and uncertainties and are qualified in their entirety by reference to, and are accompanied by, the following important factors, which are difficult to predict, contain uncertainties, are beyond the control of the Company and may cause actual results to differ materially from those contained in forward-looking statements:

- prevailing governmental policies and regulatory actions, including those of Congress, state legislatures, the FERC, the MPUC, the FPSC, the NCUC and the PSCW, with respect to allowed rates of return, industry and rate structure, acquisition and disposal of assets and facilities, operation and construction of plant facilities, recovery of purchased power and other capital investments, and present or prospective wholesale and retail competition (including but not limited to retail wheeling and transmission costs);
- economic and geographic factors including political and economic risks;
- changes in and compliance with environmental and safety laws and policies;
- weather conditions;
- population growth rates and demographic patterns;
- competition for retail and wholesale customers;
- pricing and transportation of commodities;
- market demand, including structural market changes;
- changes in tax rates or policies or in rates of inflation;
- changes in project costs;
- unanticipated changes in operating expenses and capital expenditures;
- capital market conditions;
- competition for new energy development opportunities; and
- legal and administrative proceedings (whether civil or criminal) and settlements that influence the business and profitability of the Company.

Any forward-looking statement speaks only as of the date on which such statement is made, and the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for management to predict all of such factors, nor can it assess the impact of any such factor on the business or the extent to which any factor, or combination of factors, may cause results to differ materially from those contained in any forward-looking statement.

MINNESOTA POWER
CONSOLIDATED BALANCE SHEET
Millions

	MARCH 31, 2000 Unaudited	DECEMBER 31, 1999 Audited

ASSETS		
Current Assets		
Cash and Cash Equivalents	\$ 173.7	\$ 101.5
Trading Securities	181.3	179.6
Accounts Receivable (Less Allowance of \$14.2 and \$13.9)	269.8	176.4
Inventories	26.3	24.2
Prepayments and Other	92.7	82.8
	-----	-----
Total Current Assets	743.8	564.5
Property, Plant and Equipment	1,277.1	1,258.8
Investments	216.5	197.2
Goodwill	183.5	181.0
Other Assets	113.3	111.1
	-----	-----
TOTAL ASSETS	\$ 2,534.2	\$ 2,312.6

LIABILITIES AND STOCKHOLDERS' EQUITY		
LIABILITIES		
Current Liabilities		
Accounts Payable	\$ 247.1	\$ 124.7
Accrued Taxes, Interest and Dividends	87.2	79.4
Notes Payable	176.0	96.5
Long-Term Debt and Preferred Stock Due Within One Year	19.3	9.1
Other	57.3	88.6
	-----	-----
Total Current Liabilities	586.9	398.3
Long-Term Debt	708.9	712.8
Accumulated Deferred Income Taxes	146.9	139.9
Other Liabilities	149.8	149.3
	-----	-----
Total Liabilities	1,592.5	1,400.3
	-----	-----
Company Obligated Mandatorily Redeemable Preferred Securities of Subsidiary MP&L Capital I Which Holds Solely Company Junior Subordinated Debentures	75.0	75.0
Redeemable Serial Preferred Stock	10.0	20.0
STOCKHOLDERS' EQUITY		
Cumulative Preferred Stock	11.5	11.5
Common Stock Without Par Value, 130.0 Shares Authorized 73.8 and 73.5 Shares Outstanding	560.4	552.0
Unearned ESOP Shares	(58.3)	(59.2)
Accumulated Other Comprehensive Income	21.0	2.4
Retained Earnings	322.1	310.6
	-----	-----
Total Stockholders' Equity	856.7	817.3
	-----	-----
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	\$ 2,534.2	\$ 2,312.6

The accompanying notes are an integral part of these statements.

MINNESOTA POWER
CONSOLIDATED STATEMENT OF INCOME
Millions Except Per Share Amounts - Unaudited

	QUARTER ENDED MARCH 31,	
	2000	1999
<hr style="border-top: 1px dashed black;"/>		
OPERATING REVENUE		
Electric Services	\$ 141.6	\$ 132.2
Automotive Services	119.5	96.8
Water Services	28.0	24.4
Investments	33.5	4.3
	-----	-----
Total Operating Revenue	322.6	257.7
	-----	-----
OPERATING EXPENSES		
Fuel and Purchased Power	54.8	47.6
Operations	199.5	164.0
Interest Expense	16.3	14.2
	-----	-----
Total Operating Expenses	270.6	225.8
	-----	-----
OPERATING INCOME BEFORE CAPITAL RE	52.0	31.9
LOSS FROM INVESTMENT IN CAPITAL RE	-	(2.4)
	-----	-----
OPERATING INCOME	52.0	29.5
DISTRIBUTIONS ON REDEEMABLE PREFERRED SECURITIES OF SUBSIDIARY	1.5	1.5
INCOME TAX EXPENSE	20.1	7.1
	-----	-----
NET INCOME	30.4	20.9
DIVIDENDS ON PREFERRED STOCK	0.5	0.5
	-----	-----
EARNINGS AVAILABLE FOR COMMON STOCK	\$ 29.9	\$ 20.4
	=====	=====
AVERAGE SHARES OF COMMON STOCK	69.1	67.8
BASIC AND DILUTED EARNINGS PER SHARE OF COMMON STOCK	\$0.43	\$0.30
DIVIDENDS PER SHARE OF COMMON STOCK	\$0.2675	\$0.2675

The accompanying notes are an integral part of this statement.

MINNESOTA POWER
CONSOLIDATED STATEMENT OF CASH FLOWS
Millions - Unaudited

	QUARTER ENDED MARCH 31,	
	2000	1999
OPERATING ACTIVITIES		
Net Income	\$ 30.4	\$ 20.9
Loss From Equity Investment in Capital Re - Net of Dividends Received	-	2.4
Depreciation and Amortization	20.3	18.4
Deferred Income Taxes	(3.3)	(4.9)
Changes In Operating Assets and Liabilities		
Trading Securities	(1.7)	2.7
Accounts Receivable	(93.4)	(119.3)
Inventories	(2.1)	0.6
Accounts Payable	122.4	121.2
Other Current Assets and Liabilities	(33.4)	(16.5)
Other - Net	6.4	3.9
	45.6	29.4
Cash From Operating Activities	45.6	29.4
INVESTING ACTIVITIES		
Proceeds From Sale of Investments	15.0	9.9
Additions to Investments	(19.8)	(15.8)
Additions to Property, Plant and Equipment	(30.1)	(15.3)
Acquisitions - Net of Cash Acquired	(15.7)	(16.8)
Other - Net	12.4	(3.6)
	(38.2)	(41.6)
Cash For Investing Activities	(38.2)	(41.6)
FINANCING ACTIVITIES		
Issuance of Common Stock	8.2	8.7
Issuance of Long-Term Debt	35.0	3.6
Changes in Notes Payable - Net	79.5	79.4
Reductions of Long-Term Debt	(38.6)	(3.8)
Dividends on Preferred and Common Stock	(18.9)	(18.0)
	65.2	69.9
Cash From Financing Activities	65.2	69.9
EFFECT OF EXCHANGE RATE CHANGES ON CASH	(0.4)	0.8
	72.2	58.5
CHANGE IN CASH AND CASH EQUIVALENTS	72.2	58.5
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD	101.5	89.4
	\$ 173.7	\$ 147.9
CASH AND CASH EQUIVALENTS AT END OF PERIOD	\$ 173.7	\$ 147.9
SUPPLEMENTAL CASH FLOW INFORMATION		
Cash Paid During the Period For		
Interest - Net of Capitalized	\$17.3	\$17.7
Income Taxes	\$15.5	\$3.4

The accompanying notes are an integral part of this statement.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The accompanying unaudited consolidated financial statements and notes should be read in conjunction with the Company's 1999 Form 10-K. In the opinion of the Company, all adjustments necessary for a fair statement of the results for the interim periods have been included. The results of operations for an interim period may not give a true indication of results for the year.

NOTE 1. BUSINESS SEGMENTS

Millions

	Electric Consolidated	Automotive Services	Water Services	Services	Corporate Investments	Charges

For the Quarter Ended						

March 31, 2000						

Operating Revenue	\$ 322.6	\$ 141.6	\$119.5	\$ 28.0	\$ 33.6	\$(0.1)
Operation and Other Expense	234.0	107.0	90.0	17.7	15.0	4.3
Depreciation and Amortization Expense	20.3	11.5	4.8	3.8	0.1	0.1
Interest Expense	16.3	5.2	3.9	2.6	-	4.6
	-----	-----	-----	-----	-----	-----
Operating Income (Loss)	52.0	17.9	20.8	3.9	18.5	(9.1)
Distribution on Redeemable Preferred Securities of Subsidiary	1.5	0.4	-	-	-	1.1
Income Tax Expense (Benefit)	20.1	6.8	8.9	1.5	7.0	(4.1)
	-----	-----	-----	-----	-----	-----
Net Income (Loss)	\$ 30.4	\$ 10.7	\$ 11.9	\$ 2.4	\$ 11.5	\$(6.1)
	=====	=====	=====	=====	=====	=====
Total Assets	\$2,534.2	\$1,054.7	\$848.7	\$318.2	\$312.2	\$ 0.4
Property, Plant and Equipment	\$1,277.1	\$ 771.0	\$250.9	\$255.2	-	-
Accumulated Depreciation and Amortization	\$ 935.4	\$ 677.0	\$ 60.5	\$195.9	\$ 2.0	-
Capital Expenditures	\$ 30.1	\$ 9.7	\$ 15.1	\$ 5.3	-	-

For the Quarter Ended						

March 31, 1999						

Operating Revenue	\$ 257.7	\$ 132.2	\$ 96.8	\$ 24.4	\$ 4.4	\$(0.1)
Operation and Other Expense	193.2	97.8	72.9	15.7	4.1	2.7
Depreciation and Amortization Expense	18.4	10.9	4.2	3.2	-	0.1
Interest Expense	14.2	5.3	2.4	2.4	-	4.1
	-----	-----	-----	-----	-----	-----
Operating Income (Loss) Before Capital Re	31.9	18.2	17.3	3.1	0.3	(7.0)
Loss from Investment in Capital Re	(2.4)	-	-	-	(2.4)	-
	-----	-----	-----	-----	-----	-----
Operating Income (Loss)	29.5	18.2	17.3	3.1	(2.1)	(7.0)
Distribution on Redeemable Preferred Securities of Subsidiary	1.5	0.4	-	-	-	1.1
Income Tax Expense (Benefit)	7.1	6.8	7.7	1.2	(5.0)	(3.6)
	-----	-----	-----	-----	-----	-----
Net Income (Loss)	\$ 20.9	\$ 11.0	\$ 9.6	\$ 1.9	\$ 2.9	\$(4.5)
	=====	=====	=====	=====	=====	=====
Total Assets	\$2,417.8	\$1,033.1	\$722.6	\$306.2	\$355.5	\$ 0.4
Property, Plant and Equipment	\$1,204.9	\$ 764.9	\$195.3	\$244.7	-	-
Accumulated Depreciation and Amortization	\$ 843.1	\$ 607.1	\$ 44.7	\$189.6	\$ 1.7	-
Capital Expenditures	\$ 15.3	\$ 6.6	\$ 4.5	\$ 4.2	-	-

Included \$17.1 million of Canadian operating revenue in 2000 (\$11.4 million in 1999).
 Included \$149.6 million of Canadian assets in 2000 (\$89.1 million in 1999).
 Included \$0.2 million of minority interest in 2000 (\$0.1 million in 1999).

NOTE 2. REGULATORY MATTERS

FLORIDA WATER 1991 RATE CASE REFUNDS. In 1995 the Florida First District Court of Appeals (Court of Appeals) reversed a 1993 FPSC order establishing uniform rates for most of Florida Water's service areas. With "uniform rates" all customers in each uniform rate area pay the same rates for water and wastewater services. In response to the Court of Appeals' order, in August 1996 the FPSC ordered Florida Water to issue refunds to those customers who paid more since October 1993 under uniform rates than they would have paid under stand-alone rates. This order did not permit a balancing surcharge to customers who paid less under uniform rates. Florida Water appealed, and the Court of Appeals ruled in June 1997 that the FPSC could not order refunds without balancing surcharges. In response to the Court of Appeals' ruling, the FPSC issued an order in January 1998 that did not require refunds. Florida Water's potential refund liability at that time was about \$12.5 million, which included interest, to customers who paid more under uniform rates.

In the same January 1998 order, the FPSC required Florida Water to refund, with interest, \$2.5 million, the amount paid by customers in the Spring Hill service area from January 1996 through June 1997 under uniform rates which exceeded the amount these customers would have paid under a modified stand-alone rate structure. No balancing surcharge was permitted. The FPSC ordered this refund because Spring Hill customers continued to pay uniform rates after other customers began paying modified stand-alone rates effective January 1996 pursuant to the FPSC's interim rate order in Florida Water's 1995 Rate Case. The FPSC did not include Spring Hill in this interim rate order because Hernando County had assumed jurisdiction over Spring Hill's rates. In June 1997 Florida Water reached an agreement with Hernando County to revert prospectively to stand-alone rates for Spring Hill customers.

Customer groups which paid more under uniform rates have appealed the FPSC's January 1998 order, arguing that they are entitled to a refund because the FPSC had no authority to order uniform rates. The Company has appealed the \$2.5 million refund order. Initial briefs were filed by all parties in May 1998. In June 1998 the Court of Appeals reversed its previous ruling that the FPSC was without authority to order uniform rates at which time customer groups supporting the FPSC's January 1998 order filed a motion with the Court of Appeals seeking dismissal of the appeal by customer groups seeking refunds. Customers seeking refunds filed amended briefs in September 1998. A mediation session was held in September 1999. The parties could not reach settlement of any issues. A provision for refund related to the \$2.5 million refund order was recorded in 1999. The parties await the establishment of a briefing schedule. A decision is not expected before 2001. The Company is unable to predict the timing or outcome of the appeals process.

NOTE 3. INCOME TAX EXPENSE

	Quarter Ended March 31,	
	2000	1999

Millions		
Current Tax		
Federal	\$ 19.6	\$ 10.0
Foreign	0.5	0.4
State	3.3	1.6
	-----	-----
	23.4	12.0
	-----	-----
Deferred Tax		
Federal	(2.3)	(1.6)
Foreign	(0.1)	-
State	(0.5)	(2.9)
	-----	-----
	(2.9)	(4.5)
	-----	-----
Deferred Tax Credits	(0.4)	(0.4)
	-----	-----
Total Income Tax Expense	\$ 20.1	\$ 7.1
	-----	-----

NOTE 4. TOTAL COMPREHENSIVE INCOME

For the quarter ended March 31, 2000 total comprehensive income was \$49.0 million (\$21.9 million for the quarter ended March 31, 1999). Total comprehensive income includes net income, unrealized gains and losses on securities classified as available-for-sale, and foreign currency translation adjustments.

NOTE 5. ACQUISITIONS

ADESA AUCTION FACILITIES. On January 1, 2000 ADESA Canada Inc. acquired an additional 26 percent of Impact Auto Auctions Ltd. bringing the total ownership percentage to 73 percent. The Company anticipates acquiring the remaining 27 percent by the end of 2000. Impact Auto Auctions Ltd. is a business that auctions salvaged vehicles at several locations in Canada.

On February 7, 2000 ADESA purchased the Mission City Auto Auction in San Diego, California. The transaction was accounted for using the purchase method. Financial results have been included in the Company's consolidated financial statements since the date of purchase. Pro forma financial results have not been presented due to immateriality. The Mission City auction, which has been renamed ADESA San Diego, operates six auction lanes on 30 acres with full reconditioning facilities. AFC has opened an office at ADESA San Diego.

The transactions described in the two preceding paragraphs had a combined purchase price of \$15.7 million. The Company funded these transactions with internally generated funds.

NOTE 6. LONG-TERM DEBT

On March 30, 2000 ADESA issued \$35 million of 8.10% Senior Notes, Series B, due March 30, 2010. Proceeds were used to refinance short-term bank indebtedness incurred for the acquisition of vehicle auction facilities purchased in 1999 and for general corporate purposes.

NOTE 7. SQUARE BUTTE PURCHASED POWER CONTRACT

The Company has a power purchase agreement with Square Butte that extends through 2026 (Agreement). It provides a long-term supply of low-cost energy to customers in the Company's electric service territory and enables the Company to meet power pool reserve requirements. Square Butte, a North Dakota cooperative corporation, owns a 455-megawatt coal-fired generating unit (Unit) near Center, North Dakota. The Unit is adjacent to a generating unit owned by Minnkota Power Cooperative, Inc. (Minnkota), a North Dakota cooperative corporation whose Class A members are also members of Square Butte. Minnkota serves as the operator of the Unit and also purchases power from Square Butte.

The Company is entitled to approximately 71 percent of the Unit's output under the Agreement. After 2005 and upon compliance with a two-year advance notice requirement, Minnkota has the option to reduce the Company's entitlement by 5 percent annually, to a minimum of 50 percent. The Company is obligated to pay its pro rata share of Square Butte's costs based on the Company's entitlement to Unit output. The Company's payment obligation is suspended if Square Butte fails to deliver any power, whether produced or purchased, for a period of one year. Square Butte's fixed costs consist primarily of debt service. At March 31, 2000 Square Butte had total debt outstanding of \$329.6 million. Total annual debt service for Square Butte is expected to be approximately \$36 million in each of the years 2000 through 2003 and \$23 million in 2004. Variable operating costs include the price of coal purchased from BNI Coal, a subsidiary of Minnesota Power, under a long-term contract. The Company's payments to Square Butte are approved as purchased power expense for ratemaking purposes by both the MPUC and FERC.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL
CONDITION AND RESULTS OF OPERATIONS

Minnesota Power is a multi-services company with operations in four business segments: (1) Electric Services, which include electric and gas services, coal mining and telecommunications; (2) Automotive Services, which include a network of vehicle auctions, an automobile dealer finance company, an auto transport company, a vehicle remarketing company and a company that provides field information services; (3) Water Services, which include water and wastewater services and (4) Investments, which include a securities portfolio, intermediate-term investments and real estate operations. Corporate charges represent general corporate expenses, including interest, not specifically related to any one business segment.

CONSOLIDATED OVERVIEW

Strong performance by each of the Company's operating segments contributed to a 45 percent increase in 2000 net income over the first three months of 1999 and a 43 percent increase in earnings per share over the first three months of 1999.

	2000	Quarter Ended March 31, 1999
----- Millions -----		
Operating Revenue		
Electric Services	\$ 141.6	\$ 132.2
Automotive Services	119.5	96.8
Water Services	28.0	24.4
Investments	33.6	4.4
Corporate Charges	(0.1)	(0.1)
	----- \$ 322.6 =====	----- \$ 257.7 =====
Operating Expenses		
Electric Services	\$ 123.7	\$ 114.0
Automotive Services	98.7	79.5
Water Services	24.1	21.3
Investments	15.1	4.1
Corporate Charges	9.0	6.9
	----- \$ 270.6 =====	----- \$ 225.8 =====
Net Income		
Electric Services	\$ 10.7	\$ 11.0
Automotive Services	11.9	9.6
Water Services	2.4	1.9
Investments	11.5	2.9
Corporate Charges	(6.1)	(4.5)
	----- \$ 30.4 =====	----- \$ 20.9 =====

Basic and Diluted		
Earnings Per Share of Common Stock	\$0.43	\$0.30
Average Shares of Common Stock - Millions	69.1	67.8

NET INCOME

The following net income discussion summarizes significant events for the quarter ended March 31, 2000.

Electric Services reflected stable net income in 2000 and strong megawatthour sales. An 11 percent increase in megawatthour sales was offset by lower demand revenue from large industrial customers and higher purchased power expenses.

Automotive Services reported higher net income in 2000 due to a 13 percent increase in the number of vehicles sold through ADESA auction facilities and a 31 percent increase in the number of vehicles financed through AFC's loan production offices.

Water Services generated higher net income in 2000. Water consumption was up 17 percent in 2000 as a result of customer growth, one additional month of PCUC operations and drier weather conditions.

Investments reported higher net income in 2000 because of significant sales by the Company's real estate operations, improved returns on the Company's securities portfolio and gains on intermediate-term investments in emerging technologies relating to the electric industry.

COMPARISON OF THE QUARTERS ENDED MARCH 31, 2000 AND 1999

OPERATING REVENUE

Electric Services operating revenue was \$9.4 million higher in 2000. Megawatthour sales were up 11 percent from 1999 while the average price of power sold was 4 percent lower in 2000. More sales from wholesale power marketing activities and higher requirements by large industrial retail customers led to the increase in megawatthour sales. Megawatthour sales from wholesale power marketing activities increased 63 percent in 2000 and contributed \$4.4 million more to revenue. Megawatthour sales to industrial customers increased 5 percent in 2000 and contributed \$1.4 million more to revenue. The average price of power sold was lower in 2000 primarily because of lower wholesale prices and \$0.8 million less demand revenue from large industrial customers.

Revenue from electric sales to taconite customers accounted for 13 percent of consolidated operating revenue in 2000 (16 percent in 1999). Electric sales to paper and pulp mills accounted for 4 percent of consolidated operating revenue in 2000 (6 percent in 1999). Sales to other power suppliers accounted for 6 percent of consolidated operating revenue in both 2000 and 1999.

Automotive Services operating revenue was \$22.7 million higher in 2000 primarily due to increased sales at ADESA auction facilities and financing at AFC loan production offices. At ADESA auction facilities 295,000 vehicles were sold in 2000 (260,000 in 1999). Financial results for 2000 included three months of operations for two auction facilities acquired in April and July of 1999 and two months of operations for one auction facility acquired in February 2000. AFC financed approximately 195,000 vehicles in 2000 (149,000 in 1999) through its 84 loan production offices.

Water Services operating revenue was \$3.6 million higher in 2000 because of a 17 percent increase in water consumption. Customer growth, the inclusion of water systems acquired during 1999 and drier weather conditions led to the increase in water consumption.

Investments operating revenue was \$29.2 million higher in 2000. Significant sales by the Company's real estate operations were the primary reason for the increase. In 2000 two large sales contributed \$17.2 million to revenue. One of these sales was real estate operations' largest single transaction to date. Improved returns from the securities portfolio and \$3.6 million of gains on intermediate-term investments in emerging technologies relating to the electric industry also contributed to higher operating revenue from Investments in 2000. The Company's securities portfolio reported an after-tax return of 3.96 percent in 2000 (0.06 percent in 1999).

OPERATING EXPENSES

Electric Services operating expenses were \$9.7 million higher in 2000 primarily due to increased purchased power expense. Purchased power expense was higher because of increased prices in the wholesale market and more megawatthours bought to support additional wholesale power marketing activities and the higher requirements of industrial customers.

Automotive Services operating expenses were \$19.2 million higher in 2000 primarily because of increased sales activity at the auction facilities and financing activity at the automobile dealer floorplan financing business. The inclusion of three additional vehicle auctions also increased operating expenses at the auction facilities in 2000.

Water Services operating expenses were \$2.8 million higher in 2000 due to the inclusion of water systems acquired in 1999.

Investments operating expenses were \$11.0 million higher in 2000 due to the cost of property sold by the Company's real estate operations.

INCOME TAX EXPENSE

Income tax expense was \$13 million higher in 2000 primarily the result of an increase in operating income.

OUTLOOK

ELECTRIC SERVICES. As the electric industry continues to restructure, the contribution from Electric Services is expected to remain stable with a solid customer base. Approximately half of the electricity the Company sells is to large industrial customers, primarily taconite producers, which have long-term all-requirements contracts. Approximately 80 percent of the ore consumed by integrated steel facilities in the Great Lakes region originates from five taconite customers of Minnesota Power.

The domestic steel industry continues to face high levels of imported products. In 1999 the United States imported 35,657,000 net tons of steel, higher than any year except 1998. That level is also 14.4 percent higher than in 1997, the last record year prior to the unprecedented import surge in 1998. Overall steel prices remain somewhat depressed. Despite the high level of imports, the strong U.S. economy is helping fuel demand for steel produced domestically. Through March 2000, production of U.S. steel mills was up approximately 20 percent over the same time period in 1999.

AUTOMOTIVE SERVICES. ADESA is the second largest and the fastest growing vehicle auction business in North America. ADESA projects a 10 percent estimated annual growth in vehicles sold through sales at existing and new auction facilities. AFC, the largest independent automobile dealer floorplan financing business in North America, estimates a 15 to 20 percent annual growth in receivables at existing locations. AFC also plans to grow through the introduction of new products and services. The Company is unable to predict the impact of the recently announced merger between Manheim Auctions, Inc. and ADT Automotive Holdings, Inc. on AFC's offices located at ADT auctions.

WATER SERVICES includes the largest investor owned water utilities in both Florida and North Carolina. The Company continues to position itself by selectively acquiring targeted water systems and developing a non-regulated presence in the contract maintenance business. Both Florida Water and Heater operate in states that are currently experiencing rapid population growth which should contribute to annual customer growth of 3 to 5 percent over the next two years.

INVESTMENTS. Over the last 5 years, sales by real estate operations have been 3 to 4 times the acquisition cost of property sold, creating strong cash generation and profitability. The real estate strategy is to acquire large portfolios of property, add value and resell them at going market prices.

LIQUIDITY AND FINANCIAL POSITION

CASH FLOW ACTIVITIES. Cash flow from operations during the first quarter of 2000 reflected improved operating results and continued focus on working capital management. Cash from operating activities was also affected by a number of factors representative of normal operations.

Working capital, if and when needed, generally is provided by the sale of commercial paper. In addition, securities investments can be liquidated to provide funds for reinvestment in existing businesses or acquisition of new businesses, and approximately 7 million original issue shares of Common Stock are available for issuance through the DRIP.

A substantial amount of ADESA's working capital is generated internally from payments made by vehicle purchasers. However, ADESA has arrangements to use the proceeds from the sale of commercial paper issued by the Company to meet short-term working capital requirements arising from the timing of payment obligations to vehicle sellers and the availability of funds from vehicle purchasers. During the sales process, ADESA does not typically take title to vehicles.

AFC also has arrangements to use proceeds from the sale of commercial paper issued by the Company to meet its operational requirements. AFC offers short-term on-site financing for dealers to purchase vehicles at auctions in exchange for a security interest in those vehicles. The financing is provided through the earlier of the date the dealer sells the vehicle or a general borrowing term of 30 to 45 days. AFC sells certain finance receivables on a revolving basis to a wholly owned, unconsolidated, qualified special purpose subsidiary. This subsidiary in turn sells, on a revolving basis, an undivided interest in eligible finance receivables, up to a maximum at any one time outstanding of \$300 million, to third party purchasers under an agreement which expires at the end of 2002. At March 31, 2000 AFC had sold \$347.3 million of finance receivables to the special purpose subsidiary (\$296.8 million at December 31, 1999). Third party purchasers had purchased an undivided interest in finance receivables of \$247 million

from this subsidiary at March 31, 2000 (\$225 million at December 31, 1999). Unsold finance receivables held by the special purpose subsidiary are recorded by AFC as residual interest at fair value. Fair value is based upon estimates of future cash flows, using assumptions that market participants would use to value such instruments, including estimates of anticipated credit losses over the life of the receivables sold; a discount rate was not used due to the short-term nature of the receivables sold. The fair value of AFC's residual interest was \$67.0 million at March 31, 2000 (\$57.6 million at December 31, 1999). Proceeds from the sale of the receivables were used to repay borrowings from the Company and fund vehicle inventory purchases for AFC's customers.

Significant changes in accounts receivable and accounts payable balances at March 31, 2000 compared to December 31, 1999 were due to increased sales and financing activity at Automotive Services. Typically auction volumes are down during the winter months and in December because of the holidays. As a result, both ADESA and AFC had lower receivables and fewer payables at year end.

In January 2000 ADESA Canada Inc. acquired an additional 26 percent of Impact Auto Auctions Ltd. bringing the total ownership percentage to 73 percent. The Company anticipates acquiring the remaining 27 percent by the end of 2000. Impact Auto Auctions Ltd. is a business that auctions salvaged vehicles at several locations in Canada.

In February 2000 ADESA purchased the Mission City Auto Auction in San Diego, California. The Mission City auction, which has been renamed ADESA San Diego, operates six auction lanes on 30 acres with full reconditioning facilities. AFC has opened an office at ADESA San Diego.

The transactions described in the two preceding paragraphs had a combined purchase price of \$15.7 million. The Company funded these transactions with internally generated funds.

In March 2000 ADESA issued \$35 million of 8.10% Senior Notes, Series B, due March 30, 2010. Proceeds were used to refinance short-term bank indebtedness incurred for the acquisition of vehicle auction facilities purchased in 1999 and for general corporate purposes.

In April 2000 the Company redeemed \$10 million, or 100,000 shares, of Redeemable Serial Preferred Stock A, \$7.125 Series. Proceeds from the Company's securities portfolio were used to fund this redemption.

In April 2000 leases for three ADESA auction facilities (Boston, Charlotte and Knoxville) were refinanced in a \$28.4 million leveraged lease transaction. The new lease expires on April 1, 2010, but may be terminated after 2005 under certain conditions. Minnesota Power has guaranteed ADESA's obligations under the lease.

CAPITAL REQUIREMENTS. Consolidated capital expenditures for the three months ended March 31, 2000 totaled \$30.1 million (\$15.3 million in 1999). Expenditures for 2000 included \$9.7 million for Electric Services, \$15.1 million for Automotive Services and \$5.3 million for Water Services. Internally generated funds and the issuance of long-term debt were the primary sources of funding for these expenditures.

NEW ACCOUNTING STANDARDS. In June 1998 the Financial Accounting Standards Board issued Statement of Financial Accounting Standards No. (SFAS) 133, "Accounting for Derivative Instruments and Hedging Activities," as amended by SFAS 137, effective for fiscal years beginning after June 15, 2000. SFAS 133 establishes accounting and reporting standards requiring that every derivative instrument be recorded on the balance sheet as either an asset or liability measured at fair value. SFAS 133 requires that changes in the derivative's fair value be recognized currently in earnings unless specific hedge accounting criteria are met. Special accounting for qualifying hedges allows a derivative's gains and losses to offset the related results on the hedged item. The Company currently believes it has only a limited amount of derivative activity and adoption of SFAS 133 is not expected to have a material impact on the Company's financial position and results of operations.

Readers are cautioned that forward-looking statements including those contained above, should be read in conjunction with the Company's disclosures under the heading: "SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995" located in the preface of this Form 10-Q.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The Company's securities portfolio has exposure to both price and interest rate risk. Investments held principally for near-term sale are classified as trading securities and recorded at fair value. Trading securities consist primarily of the common stock of publicly traded companies. In strategies designed to hedge overall market risks, the Company also sells common stock short. Investments held for an indeterminate period of time are classified as available-for-sale securities and also recorded at fair value. Available-for-sale securities consisted of 4.7 million shares of ACE Limited and securities in a grantor trust established to fund certain employee benefits.

March 31, 2000	Fair Value
-----	-----
Millions	
Trading Securities Portfolio	\$181.3
Available-For-Sale Securities Portfolio	\$124.2
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PART II. OTHER INFORMATION

ITEM 5. OTHER INFORMATION

Reference is made to the Company's 1999 Form 10-K for background information on the following updates. Unless otherwise indicated, cited references are to the Company's 1999 Form 10-K.

Ref. Page 4. - First and Second Paragraphs

The domestic steel industry continues to face high levels of imported products. In 1999 the United States imported 35,657,000 net tons of steel, higher than any year except 1998. That level is also 14.4 percent higher than in 1997, the last record year prior to the unprecedented import surge in 1998. Overall steel prices remain somewhat depressed.

Despite the high level of imports, the strong U.S. economy is helping fuel demand for steel produced domestically. Through March 2000, production of U.S. steel mills is up approximately 20 percent over the same time period in 1999.

Ref. Page 7. - Eighth Paragraph

On April 12, 2000 MAPP, of which Minnesota Power is a member, approved the execution of a Memorandum of Understanding (MOU) with the Mid-American Interconnected Network (MAIN) to merge the reliability functions of the two organizations into a Regional Reliability Organization (RRO). MAIN approved the MOU on April 7, 2000. The new RRO will be designed and structured to comply with statutory requirements applicable to regional reliability organizations. Definitive agreements are expected to be completed by July 2000. The goal is to have the new RRO operational by November 2000. Both organizations provide for the reliable transmission of electric power in the central United States.

Ref. Page 8. - First Paragraph

The Minnesota Department of Commerce (DOC) approved the petitions of several of the Company's largest customers to opt-out of the CIP minimum spending requirements. As a result, the Company has indicated to the DOC that its 2000 and 2001 minimum spending level of \$5.6 million has been reduced to \$2.7 million annually.

On February 18, 2000 the MPUC issued its order regarding the denial of Minnesota Power's 1998 lost margin recovery. Minnesota Power timely filed a Notice of Appeal of the MPUC's decision with the Minnesota Court of Appeals (Court of Appeals). Northern States Power Company (NSP) also filed a

Notice of Appeal regarding its similar denial of lost margin recovery. On March 23, 2000 the Court of Appeals issued an order consolidating the Minnesota Power and NSP appeals because they raise almost identical legal issues. Initial briefs will be filed by mid June 2000. The Company cannot predict the timeframe or the outcome of the Court of Appeals decision in this matter.

Ref. Page 9. - Fourth Full Paragraph

On April 14, 2000 Minnesota Power and Great River Energy signed an agreement to form Split Rock Energy LLC (Split Rock). Split Rock was formed as a result of the alliance between Minnesota Power and Great River Energy. The alliance between the two companies combines power supply capabilities and customer loads for power pool operations. Ownership of existing generation assets and current customer supply arrangements will not change for either company. Split Rock will contract for exclusive services from MPEX, the Company's power marketing division. Pending regulatory approval, Split Rock is expected to begin operations during the second quarter of 2000.

Split Rock has submitted filings with the FERC for approval to use market-based rates and applied for membership in the MAPP as a transmission-using member. This membership application was approved by MAPP. Split Rock is currently resolving certain issues raised by several MAPP operating committees to allow Split Rock to combine the load and capability of both Minnesota Power and Great River Energy for joint operating and reporting purposes. Minnesota Power has also filed for MPUC approval of all transactional agreements entered into with Split Rock. Great River Energy is in the process of receiving approval from the Rural Utilities Service to assign its native load and power and marketing obligations to Split Rock.

Ref. Page 12. - Third Full Paragraph

On January 1, 2000 ADESA Canada Inc. acquired an additional 26 percent of Impact Auto Auctions Ltd. bringing the total ownership percentage to 73 percent. The Company anticipates acquiring the remaining 27 percent by the end of 2000. Impact Auto Auctions Ltd. is a business that auctions salvaged vehicles at several locations in Canada.

On February 7, 2000 ADESA purchased the Mission City Auto Auction in San Diego, California. The Mission City auction, which has been renamed ADESA San Diego, operates six auction lanes on 30 acres with full reconditioning facilities. With the San Diego auction facility, ADESA has three auction facilities in California. ADESA Sacramento was acquired in 1997 and ADESA Los Angeles opened in April 2000. AFC has opened an office at ADESA San Diego. California is one of America's largest car markets.

In April 2000 operations also began at ADESA Concord, located in Concord, Massachusetts. ADESA now owns and operates 32 vehicle auction facilities.

Ref. Page 12. - Footnotes to Table

In April 2000 leases for three ADESA auction facilities (Boston, Charlotte and Knoxville) were refinanced in a \$28.4 million leveraged lease transaction. The new lease is treated as an operating lease for financial reporting purposes and expires on April 1, 2010. The lease may be terminated after 2005 under certain conditions. Minnesota Power has guaranteed ADESA's obligations under the lease.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits.

- 4 (a) Guarantee of Minnesota Power, dated as of March 30, 2000, relating to ADESA Corporation's 8.10% Senior Notes, Series B, Due 2010.
- 4 (b) ADESA Corporation Officer's Certificate 2-D-2, dated as of March 30, 2000, relating to ADESA Corporation's 8.10% Senior Notes, Series B, Due 2010.
- 10 (a) Participation Agreement, dated as of March 31, 2000, among Asset Holdings III, L.P., as Lessor, ADESA Corporation, as Lessee, SunTrust Bank, as Credit Bank, and Cornerstone Funding Corporation I, as Issuer.
- 10 (b) Lease Agreement, dated as of March 31, 2000, between Asset Holdings III, L.P., as Lessor and ADESA Corporation, as Lessee.
- 10 (c) Reimbursement Agreement, dated as of March 31, 2000, between SunTrust Bank, as Credit Bank, and Asset Holdings III, L.P., as Lessor.
- 10 (d) Appendix I to Participation Agreement, Lease Agreement and Reimbursement Agreement, all which are dated as of March 31, 2000, relating to the Lease Financing for ADESA Corporation Auto Auction Facilities.
- 10 (e) Assignment of Lease and Rents (without Exhibit A) entered into as of March 31, 2000, by and between Asset Holdings III, L.P., as Lessor and SunTrust Bank, as Credit Bank.
- 10 (f) Limited Guaranty of Minnesota Power, dated as of March 31, 2000, relating to the Lease Financing for ADESA Corporation Auto Auction Facilities.
- 27 Financial Data Schedule for the Three Months Ended March 31, 2000.

(b) Reports on Form 8-K.

None.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Minnesota Power, Inc.

(Registrant)

May 9, 2000

D. G. Gartzke

D. G. Gartzke
Senior Vice President - Finance
and Chief Financial Officer

May 9, 2000

Mark A. Schober

Mark A. Schober
Controller

INDEX TO EXHIBITS

Exhibit
Number

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- 27 Financial Data Schedule for the Three Months Ended March 31, 2000.

GUARANTEE
OF
MINNESOTA POWER, INC.

For value received, Minnesota Power, Inc., a corporation duly organized and existing under the laws of the State of Minnesota (herein called the "Guarantor"), hereby fully and unconditionally guarantees to the Trustee under the Indenture, dated as of May 15, 1996, between ADESA Corporation (the "Company") and The Bank of New York, as Trustee (together with any amendments thereto, the "Indenture"), the payment of the obligations of the Company under the Securities of the Second Series and the Indenture relating to such series, including, without limitation, (i) the due and punctual payment of the principal of and premium, if any, and interest on the Securities of the Second Series when and as the same shall become due and payable, whether at maturity or upon redemption or upon declaration or otherwise, according to the terms thereof and of the Indenture, and (ii) the due and punctual payment of any amounts which may be payable by the Company under or pursuant to the Tax Indemnity Agreement referred to in paragraph 16 of the Officer's Certificate of William T. Stackhouse, Chief Financial Officer of the Company dated March 30, 2000 (the "Tax Indemnity Payments"). In case of the failure of the Company punctually to pay any such principal, premium, if any, or interest or Tax Indemnity Payment, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at maturity or upon redemption or upon declaration or otherwise, and as if such payment were made by the Company. The Guarantor hereby agrees that its obligations hereunder shall be full and unconditional, irrespective of the validity, legality or enforceability of the Securities of the Second Series or the Indenture, the absence of any action to enforce the same, the waiver or consent by the Holder of the Securities of the Second Series or by the Trustee with respect to any provisions thereof or of said Indenture, the recovery of any judgment against the Company or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to the Securities of the Second Series or the indebtedness evidenced thereby, and all demands whatsoever, and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in the Securities of the Second Series and in this Guarantee.

The Guarantor hereby guarantees that the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

The obligations of the Guarantor hereunder are independent of the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of the Guarantor hereunder is full and unconditional and (to the extent permitted by law) the liability and obligations of the Guarantor hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by any circumstance (including any statute of limitations) (other than payment) that might constitute a defense available to, or discharge of the Company or the Guarantor, including, without limitation, any termination, amendment, modification, addition, deletion, supplement or other change to any of the terms of the Securities of the Second Series or the Indenture, any failure on the part of the Trustee or any Holder to enforce, assert or exercise any right, power or remedy, any waiver, consent, extension, renewal, indulgence, compromise, release, settlement, refunding or other action or inaction under or in respect of any obligation or liability

of the Company or the Guarantor or the Trustee or any Holder, or any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the obligations or the liability of the Company under the Securities of the Second Series, in whole or in part.

The Guarantor agrees that if at any time all or any part of any payment at any time received by the Trustee or the Holders of the Securities of the Second Series is or must be rescinded or returned by the Trustee or such Holders for any reason whatsoever (including, without limitation, the insolvency, reorganization or bankruptcy of the Company), then the Guarantor's obligations hereunder shall, to the extent of the payment rescinded or returned, be deemed to have continued in existence notwithstanding such previous receipt by the Trustee or such Holders, and the Guarantor's obligations hereunder shall continue to be effective or reinstated, as the case may be, as if such payment had never been made.

The failure of the Trustee to enforce any right or remedy hereunder, or promptly to enforce any right or remedy hereunder, or promptly to enforce any such right or remedy, shall not constitute a waiver thereof, nor give rise to any estoppel against the Trustee, nor excuse the Guarantor from its obligations hereunder.

No reference herein to the Indenture and no provision of this Guarantee or of the Indenture shall alter or impair the guarantee of the Guarantor, which is absolute and unconditional, of the due and punctual payment of the principal of and premium, if any, and interest on the Security of the series upon which this Guarantee is endorsed and of any Tax Indemnity Payments.

The Guarantor shall be subrogated to all rights of the Holder of the Securities of the Second Series against the Company in respect of any amounts paid by the Guarantor pursuant to the provisions of this Guarantee upon payment by the Guarantor of all amounts due and payable under such Guarantee.

This Guarantee shall be irrevocable unless terminated as provided herein. This Guarantee shall be terminated upon the assumption by the Guarantor of the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series as provided in the terms of such Securities.

All capitalized terms used in this Guarantee which are not defined herein but are defined in the Indenture shall have the meanings set forth in the Indenture.

This Guarantee shall be deemed to be a contract made under the laws of the State of New York and shall for all purposes be governed by and construed in accordance with the laws of such State.

SECTION 1. CONSOLIDATION, MERGER AND SALE OF ASSETS.

During the term of this Guarantee, the Guarantor shall not consolidate with or merge into any other corporation, or convey or otherwise transfer or lease its properties and assets substantially as an entirety to any Person, unless

(a) the corporation formed by such consolidation or into which the Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the Guarantor substantially as an entirety shall be a Person organized and validly existing under the laws of the United States, any State thereof or the District of Columbia, and shall expressly assume, the obligations of the Guarantor under this Guarantee;

(b) immediately after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Guarantor shall have delivered to the Trustee an Officer's Certificate (as hereinafter defined) and an Opinion of Counsel (as hereinafter defined), each stating that such consolidation, merger, conveyance, or other transfer or lease and such supplemental indenture comply with this Guarantee and that all conditions precedent herein provided for relating to such transactions have been complied with.

Upon any consolidation by the Guarantor with or merger by the Guarantor into any other corporation or any conveyance, or other transfer or lease of the properties and assets of the Guarantor substantially as an entirety in accordance with this Section, the successor corporation formed by such consolidation or into which the Guarantor is merged or the Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this Guarantee and under the terms of the Securities of the Second Series (including assumption of the obligations under the Securities of the Second Series and under the Indenture to the extent related to such series) with the same effect as if such successor Person had been named as the Guarantor herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Guarantee.

SECTION 1A. FINANCIAL INFORMATION.

During the term of this Guarantee, the Guarantor shall deliver to the holders of the Securities of the Second Series:

(a) Quarterly Statements - promptly, and in any event within 60 days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) consolidated balance sheets of the Guarantor as at the end of such quarter, and

(ii) consolidated statements of income, cash flows, and changes in shareholders' equity, of the Guarantor for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by an Authorized Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments,

provided, that delivery within the time period specified above of copies of the Guarantor's Quarterly Report on Form 10-Q which is prepared in compliance with the requirements therefor and which is filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 1A(a);

(b) Annual Statements - promptly, and in any event within 105 days after the end of each fiscal year of the Guarantor, duplicate copies of,

(i) consolidated balance sheets of the Guarantor, as at the end of such year, and

(ii) consolidated statements of income, cash flows, and changes in shareholders' equity, of the Guarantor, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, certified by an Authorized Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

provided that the delivery within the time period specified above of the Guarantor's Annual Report on Form 10-K for such fiscal year (together with the Guarantor's annual report to shareholders if any, prepared pursuant to Rule 14a-3 under the Exchange Act) which are prepared in accordance with the requirements therefor and which are filed with the Securities and Exchange Commission, shall be deemed to satisfy the requirements of this Section 1A(b);

SECTION 2. LIMITATION ON LIENS.

A. The Guarantor shall not suffer any Lien (other than Permitted Liens) to be created or to exist upon any property (other than Excepted Property) of the Guarantor, real, personal or mixed, of whatever kind or nature and located in the State of Minnesota, whether owned at the date of the execution and delivery of this Guarantee or hereafter acquired, all except as expressly contemplated in subsection B of this Section.

B. The provisions of subsection A shall not prohibit the creation or existence of any Lien on property of the Guarantor which secures indebtedness for borrowed money if either:

1. the Guarantor shall make effective provision whereby this Guarantee shall be secured equally and ratably with the indebtedness secured by such Lien; or

2. the Guarantor shall deliver to the Trustee bonds, notes or other evidences of indebtedness secured by such Lien (hereinafter called "Secured Obligations") (a) in an aggregate principal amount equal to the aggregate principal amount of the Securities of the Second Series then Outstanding, (b) maturing (or being subject to mandatory redemption) on March 30, 2010 and (c) containing, in addition to any mandatory redemption provisions applicable to all Secured Obligations outstanding under such Lien and any mandatory redemption provisions contained therein pursuant to clause (b) above, mandatory redemption provisions correlative to the provisions, if any, for the mandatory redemption (pursuant to a sinking fund or

otherwise) of the Securities of the Second Series or for the redemption thereof at the option of the Holder, as well as a provision for mandatory redemption upon an acceleration of the maturity of all Outstanding Securities of the Second Series following an Event of Default (such mandatory redemption to be rescinded upon the rescission of such acceleration); it being expressly understood that such Secured Obligations (x) may, but need not, bear interest, (y) may, but need not, contain provisions for the redemption thereof at the option of the issuer, any such redemption to be made at a redemption price or prices not less than the principal amount thereof and (z) shall be held by the Trustee for the benefit of the Holders of all Securities of the Second Series from time to time Outstanding subject to such terms and conditions relating to surrender to the Guarantor, transfer restrictions, voting, application of payments of principal and interest and other matters as shall be set forth in an indenture supplemental hereto specifically providing for the delivery to the Trustee of such Secured Obligations.

C. If the Guarantor shall elect either of the alternatives described in subsection B, the Guarantor shall deliver to the Trustee:

1. an amendment to this Guarantee (a) together with appropriate inter-creditor arrangements, whereby this Guarantee shall be secured by the Lien referred to in subsection B equally and ratably with all other indebtedness secured by such Lien or (b) providing for the delivery to the Trustee of Secured Obligations;

2. an Officer's Certificate (a) stating that, to the knowledge of the signer, (I) no Event of Default has occurred and is continuing and (II) no event has occurred and is continuing which entitles the secured party under such Lien to accelerate the maturity of the indebtedness outstanding thereunder and (b) stating the aggregate principal amount of indebtedness issuable, and then proposed to be issued, under and secured by such Lien;

3. an Opinion of Counsel (a) if this Guarantee is to be secured by such Lien, to the effect that all Securities of the Second Series then Outstanding are entitled to the benefit of such Lien equally and ratably with all other indebtedness outstanding under such Lien or (b) if Secured Obligations are to be delivered to the Trustee, to the effect that such Secured Obligations have been duly issued under such Lien and constitute valid obligations, entitled to the benefit of such Lien equally and ratably with all other indebtedness then outstanding under such Lien.

D. For all purposes of this Guarantee, except as otherwise expressly provided or unless the context otherwise requires:

"EXCEPTED PROPERTY" means

(a) all cash on hand or in banks or other financial institutions, deposit accounts, shares of stock, interests in general or limited partnerships, bonds, notes, evidences of indebtedness and other securities not hereafter paid or delivered to, deposited with or held by the Trustee hereunder or required so to be;

(b) all contracts, leases, operating agreements, and other agreements of whatsoever kind and nature; all contract rights, bills, notes and other instruments and chattel paper (except to the extent that any of the same constitute securities, in which case they are separately excepted from this Guarantee under clause (a) above); all revenues, income and earnings, all accounts, accounts receivable and unbilled revenues, and all rents, tolls, issues, product and profits, claims, credits, demands and judgments; all governmental and other licenses, permits, franchises, consents and allowances; all patents, patent licenses and other patent rights, patent applications, trade names, trademarks, copyrights, claims, credits, choses in action and other intangible property and general intangibles including, but not limited to, computer software;

(c) all automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment; all rolling stock, rail cars and other railroad equipment; all vessels, boats, barges and other marine equipment; all airplanes, helicopters, aircraft engines and other flight equipment; all parts, accessories and supplies used in connection with any of the foregoing; and all personal property of such character that the perfection of a security interest therein or other Lien thereon is not governed by the Uniform Commercial Code as in effect in the jurisdiction in which such property is located;

(d) all goods, stock in trade, wares, merchandise and inventory held for the purpose of sale or lease in the ordinary course of business; all materials, supplies, inventory and other items of personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the operation of any property of the Guarantor; all fuel, including nuclear fuel, whether or not any such fuel is in a form consumable in the operation of any property of the Guarantor, including separate components of any fuel in the forms in which such components exist at any time before, during or after the period of the use thereof as fuel; all hand and other portable tools and equipment; all furniture and furnishings; and computers and data processing, data storage, data transmission, telecommunications and other facilities, equipment and apparatus, which, in any case, are used primarily for administrative or clerical purposes or are otherwise not necessary for the operation or maintenance of the facilities, machinery, equipment or fixtures of the Guarantor for (i) the generation, transmission or distribution of electric energy, (ii) the transmission, storage or distribution of gas or (iii) the appropriation, storage, transmission or distribution of water;

(e) all coal, ore, gas, oil and other minerals and all timber, and all rights and interests in any of the foregoing, whether or not such minerals or timber shall have been mined or extracted or otherwise separated from the land; and all electric energy, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by the Guarantor;

(f) all real property, leaseholds, gas rights, wells, gathering, tap or other pipe lines, or facilities, equipment or apparatus, in any case used or to be used primarily for the production or gathering of natural gas;

(g) all hydroelectric plants and all lands, power sites, flowage rights, water rights, riparian rights, permits, licenses, franchises, privileges, leaseholds, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, structures, facilities, equipment, or apparatus, in any case used or to be used primarily in connection with the Company's hydroelectric plants; and

(h) all leasehold interests held by the Guarantor as lessee.

"LIEN" means any mortgage, deed of trust, pledge, security interest, encumbrance, easement, lease, reservation, restriction, servitude, charge or similar right and any other lien of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and any defect, irregularity, exception or limitation in record title.

"OFFICER'S CERTIFICATE" means a certificate signed by an Authorized Officer and delivered to the Trustee.

"Authorized Officer" means the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, or any other officer or agent of the Guarantor duly authorized by the Board of Directors to act in respect of matters relating to this Guarantee. "Board of Directors" means either the board of directors of the Guarantor or any committee thereof duly authorized to act in respect of matters relating to this Guarantee.

"OPINION OF COUNSEL" means a written opinion of counsel, who may be counsel for the Guarantor, or other counsel acceptable to the Trustee.

"PERMITTED LIENS" means, as of any particular time, any of the following:

(a) Liens for taxes, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith by appropriate proceedings;

(b) mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' Liens, other Liens incident to construction, Liens or privileges of any employees of the Guarantor for salary or wages earned, but not yet payable, and other Liens, including without limitation Liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings;

(c) Liens in respect of attachments, judgments or awards arising out of judicial or administrative proceedings (i) in an aggregate amount not exceeding Ten Million Dollars (\$10,000,000) or (ii) with respect to which the Guarantor shall (X) in good faith be prosecuting an appeal or other proceeding for review and with respect to which the Guarantor shall have secured a stay of execution pending such appeal or other proceeding or (Y) have the right to prosecute an appeal or other proceeding for review;

(d) easements, leases, reservations or other rights of others in, on, over, and/or across, and laws, regulations and restrictions affecting, and defects, irregularities, exceptions and limitations in title to, the property of the Guarantor or any part thereof; provided, however, that such easements, leases, reservations, rights, laws, regulations, restrictions, defects, irregularities, exceptions and limitations do not in the aggregate materially impair the use by the Guarantor of its property considered as a whole for the purposes for which it is held by the Guarantor;

(e) defects, irregularities, exceptions and limitations in title to real property subject to rights-of-way in favor of the Guarantor or otherwise or used or to be used by the Guarantor primarily for right-of-way purposes or real property held under lease, easement, license or similar right; provided, however, that (i) the Guarantor shall have obtained from the apparent owner or owners of such real property a sufficient right, by the terms of the instrument granting such right-of-way, lease, easement, license or similar right, to the use thereof for the purposes for which the Guarantor acquired the same, (ii) the Guarantor has power under eminent domain or similar statutes to remove such defects, irregularities, exceptions or limitations or (iii) such defects, irregularities, exceptions and limitations may be otherwise remedied without undue effort or expense; and defects, irregularities, exceptions and limitations in title to flood lands, flooding rights and/or water rights;

(f) Liens securing indebtedness or other obligations neither created, assumed nor guaranteed by the Guarantor nor on account of which it customarily pays interest upon real property or rights in or relating to real property acquired by the Guarantor for the purpose of the transmission or distribution of electric energy, gas or water, for the purpose of telephonic, telegraphic, radio, wireless or other electronic communication or otherwise for the purpose of obtaining rights-of-way;

(g) leases existing at the date of the execution and delivery of this Guarantee affecting properties owned by the Guarantor at said date and renewals and extensions thereof; and leases affecting such properties entered into after such date or affecting properties acquired by the Guarantor after such date which, in either case, (i) have respective terms of not more than ten (10) years (including extensions or renewals at the option of the tenant) or (ii) do not materially impair the use by the Guarantor of such properties for the respective purposes for which they are held by the Guarantor;

(h) Liens vested in lessors, licensors, franchisors or permittees for rent or other amounts to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses, franchises or permits, so long as the payment of such rent or other amounts or the performance of such other obligations or acts is not delinquent or is being contested in good faith and by appropriate proceedings;

(i) controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon any property of the Guarantor or the operation or

use thereof or upon the Guarantor with respect to any of its property or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(j) rights which Governmental Authorities may have by virtue of franchises, grants, licenses, permits or contracts, or by virtue of law, to purchase, recapture or designate a purchaser of or order the sale of, any property of the Guarantor, to terminate franchises, grants, licenses, permits, contracts or other rights or to regulate the property and business of the Guarantor; and any and all obligations of the Guarantor correlative to any such rights;

(k) Liens required by law or governmental regulations (i) as a condition to the transaction of any business or the exercise of any privilege or license, (ii) to enable the Guarantor to maintain self-insurance or to participate in any funds established to cover any insurance risks, (iii) in connection with workmen's compensation, unemployment insurance, social security, any pension or welfare benefit plan or (iv) to share in the privileges or benefits required for companies participating in one or more of the arrangements described in clauses (ii) and (iii) above;

(l) Liens on property of the Guarantor which are granted by the Guarantor to secure duties or public or statutory obligations or to secure, or serve in lieu of, surety, stay or appeal bonds;

(m) rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water, steam and any other products, developed, produced, manufactured, generated, purchased or otherwise acquired by the Guarantor or by others on property of the Guarantor;

(n) (i) rights and interests of Persons other than the Guarantor arising out of contracts, agreements and other instruments to which the Guarantor is a party and which relate to the common ownership or joint use of property; and (ii) all Liens on the interests of Persons other than the Guarantor in property owned in common by such Persons and the Guarantor if and to the extent that the enforcement of such Liens would not adversely affect the interests of the Guarantor in such property in any material respect;

(o) any restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service corporation;

(p) any Liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;

(q) grants, by the Guarantor of easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Guarantor for the purpose of roads, pipe lines, transmission lines, distribution lines, communication

lines, railways, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that no such grant shall materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Guarantor;

(r) Prepaid Liens;

(s) Purchase Money Liens and any other Liens existing or placed upon property at the time of, or within one hundred eighty (180) days after, the acquisition thereof by the Guarantor, and any extensions, renewals and/or replacements of any such Liens to secure any refundings, refinancings and/or replacements of the indebtedness secured thereby; provided, however, that no such Purchase Money Lien shall extend to or cover any property of the Guarantor other than (i) the property so acquired and improvements, extensions and additions to such property and renewals, replacements and substitutions of or for such property or any part or parts thereof and (ii) with respect to Purchase Money Liens, other property subsequently acquired by the Guarantor;

(t) Liens on property of the Guarantor which secure indebtedness for borrowed money which matures less than one year from the date of the issuance or incurrence thereof and is not extendible at the option of the issuer, and any extensions, renewals and/or replacements of any such Liens to secure any refundings, refinancings and/or replacements of such indebtedness by or with similar indebtedness;

(u) Liens created or assumed by the Guarantor in connection with the issuance of debt securities the interest on which is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (or any successor provision of law), for the purpose of financing, in whole or in part, the acquisition or construction of property to be used by the Guarantor, to the extent that such Lien is required in connection with the issuance of such debt securities either by applicable law or by the issuer of such debt securities or is otherwise necessary in order to establish or maintain such exclusion from gross income; and any extensions, renewals and/or replacements of any such Liens to secure any refundings, refinancings and/or replacement of such debt securities by or with similar securities;

(v) Liens securing indebtedness or lease obligations (i) which are related to the construction or acquisition of property not previously owned by the Guarantor or (ii) which are related to the financing of a project involving the development or expansion of property of the Guarantor and (iii) the obligee in respect of which has no recourse to the Guarantor or any property of the Guarantor other than the property constructed or acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (or the proceeds thereof);

(w) Liens created by the Mortgage and Deed of Trust dated September 1, 1945 between the Guarantor and Irving Trust Company (now The Bank of New York) and Richard H. West (Douglas I. MacInnes, successor), as Trustees, as heretofore and hereafter supplemented and amended (the "Mortgage"); and Liens created by any other indenture hereafter executed by the Guarantor pursuant to which bonds issued under the Mortgage are or are to be delivered to the trustee(s) under such indenture in a principal amount at least equal to the principal amount of debt securities to be secured by such indenture; and

(x) in addition to the Permitted Liens defined in clauses (a) through (w) above, Liens on any property of the Guarantor (other than Excepted Property) to secure indebtedness for borrowed money (under circumstances not otherwise excepted from the operation of this Section) in an aggregate principal amount not exceeding 2.5% of the total assets of the Guarantor and its consolidated subsidiaries, as shown on the latest balance sheet of the Guarantor and its consolidated subsidiaries, audited by independent certified public accountants, dated prior to the date of the issuance or incurrence of such indebtedness.

"PREPAID LIEN" means any Lien securing indebtedness for the payment, prepayment or redemption of which there shall have been irrevocably deposited in trust with the trustee or other holder of such Lien moneys and/or Investment Securities which (together with the interest reasonably expected to be earned from the investment and reinvestment in Investment Securities of the moneys and/or the principal of and interest on the Investment Securities so deposited) shall be sufficient for such purpose; provided, however, that if such indebtedness is to be redeemed or otherwise prepaid prior to the stated maturity thereof, any notice requisite to such redemption or prepayment shall have been given in accordance with the instrument creating such Lien or irrevocable instructions to give such notice shall have been given to such trustee or other holder. As used herein, the term "Investment Securities" means any of the following obligations or securities on which neither the Guarantor, any other obligor on the Securities of the Second Series nor any Affiliate of either is the obligor: (a) Government Obligations; (b) interest bearing deposit accounts (which may be represented by certificates of deposit) in any national or state bank (which may include the Trustee or any Paying Agent) or savings and loan association which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (c) bankers' acceptances drawn on and accepted by any commercial bank (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (d) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, any State or Territory of the United States or the District of Columbia, or any political subdivision of any of the foregoing, which are rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (e) bonds or other obligations of any agency or instrumentality of the United States; (f) corporate debt securities which are rated by a nationally

recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (g) repurchase agreements with respect to any of the foregoing obligations or securities with any banking or financial institution (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (h) securities issued by any regulated investment company (including any investment company for which the Trustee or any Paying Agent is the advisor), as defined in Section 851 of the Internal Revenue Code of 1986, as amended, or any successor section of such Code or successor federal statute, provided that the portfolio of such investment company is limited to obligations or securities of the character and investment quality contemplated in clauses (a) through (f) above and repurchase agreements which are fully collateralized by any of such obligations or securities; and (i) any other obligations or securities which may lawfully be purchased by the Trustee in its capacity as such.

"PURCHASE MONEY LIEN" means, with respect to any property being acquired by the Guarantor, a Lien on such property which

(a) is taken or retained by the transferor of such property to secure all or part of the purchase price thereof;

(b) is granted to one or more Persons other than the transferor which, by making advances or incurring an obligation, give value to enable the grantor of such Lien to acquire rights in or the use of such property;

(c) is held by a trustee or agent for the benefit of one or more Persons described in clause (a) or (b) above, provided that such Lien may be held, in addition, for the benefit of one or more other Persons which shall have theretofore given, or may thereafter give, value to or for the benefit or account of the grantor of such Lien for one or more other purposes; or

(d) otherwise constitutes a purchase money mortgage or a purchase money security interest under applicable law;

and, without limiting the generality of the foregoing, for purposes of this Guarantee, the term Purchase Money Lien shall be deemed to include any Lien described above whether or not such Lien (x) shall permit the issuance or other incurrence of additional indebtedness secured by such Lien on such property, (y) shall permit the subjection to such Lien of additional property and the issuance or other incurrence of additional indebtedness on the basis thereof and/or (z) shall have been granted prior to the acquisition of such property, shall attach to or otherwise cover property other than the property being acquired and/or shall secure obligations issued prior and/or subsequent to the issuance of the obligations delivered in connection with such acquisition.

IN WITNESS WHEREOF, MINNESOTA POWER, INC. has caused this Guarantee to be executed in its corporate name by the manual or facsimile signature of its Chairman of the Board of Directors or its President or any one of its Vice Presidents and its corporate seal or a facsimile thereof to be impressed or imprinted hereon, and the same to be attested by the manual or facsimile signature of its Secretary or any one of its Assistant Secretaries.

Dated: March 30, 2000

MINNESOTA POWER, INC.

[Corporate Seal]

By /s/ D. G. Gartzke

Senior Vice President-Finance
And Chief Financial Officer

Attest:

/s/ Philip R. Halverson

Vice President, Secretary
And General Counsel

ADESA CORPORATION

OFFICER'S CERTIFICATE 2-D-2

William T. Stackhouse, Chief Financial Officer of ADESA Corporation (the "Company"), pursuant to the authority granted in the Board Resolutions of the Company dated as of March 10, 2000, and Sections 201 and 301 of the Indenture defined herein, in his capacity as such, does hereby certify for and on behalf of the Company to The Bank of New York (the "Trustee"), as Trustee under the Indenture of the Company (For Unsecured Debt Securities) dated as of May 15, 1996 (as supplemented, the "Indenture"), that:

1. The Securities of the second series to be issued under the Indenture shall be designated "8.10% Senior Notes, Series B, Due 2010" (the "Securities of the Second Series"). The term "Guarantor" shall mean Minnesota Power, Inc., its successors and assigns. The term "Guarantee" shall mean the Guarantee described in paragraph 13 hereof. All capitalized terms used in this certificate which are not defined herein but are defined in the Indenture shall have the meanings set forth in the Indenture;
2. The Securities of the Second Series shall be limited in aggregate principal amount to \$35,000,000 at any time Outstanding, except as contemplated in Section 301(b) of the Indenture;
3. The Securities of the Second Series shall mature and the principal shall be due and payable together with all accrued and unpaid interest thereon on March 30, 2010;
4. The Securities of the Second Series shall bear interest from, and including, March 30, 2000, at the rate of 8.10% per annum payable semi-annually on March 30 and September 30 of each year (each, an "Interest Payment Date") commencing September 30, 2000; PROVIDED that such rate of interest shall be 10.10% per annum with respect to any days during which an Event of Default with respect to the Securities of the Second Series shall exist and be continuing. The amount of interest payable for any such period will be computed on the basis of a 360-day year of twelve 30-day months and for any period shorter than a full month, on the basis of the actual number of days elapsed in such period. Interest on the Securities of the Second Series will accrue from, and including, the date of original issuance and will accrue to the first Interest Payment Date, and thereafter will accrue from, and including, the last Interest Payment Date to which interest has been paid or duly provided for. In the event that any Interest Payment Date is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of such delay), with the same force and effect as if made on such Interest Payment Date;
5. Each installment of interest on a Security of the Second Series shall be payable to the Person in whose name such Security is registered at the close of business on the date fifteen (15) days prior to the relevant Interest Payment Date (the "Regular Record Date") or if such date is not a Business Day, the next succeeding Business Day. The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of any Security of the Second Series during a period of 15 days next preceding any Interest Payment Date for such Series. Any installment of interest on the Securities of the Second Series not punctually paid or duly provided for shall forthwith cease to be payable to the Holders of such Securities of the Second Series on such Regular Record Date and may be paid to the Persons in whose name the Securities of the

Second Series are registered at the close of business on a Special Record Date to be fixed by the Trustee for the payment of such Defaulted Interest. Notice of such Defaulted Interest and Special Record Date shall be given to the Holders of the Securities of the Second Series not less than 10 days prior to such Special Record Date, or may be paid at any time in any other lawful manner not inconsistent with the requirements of any securities exchange on which the Securities of the Second Series may be listed, and upon such notice as may be required by such exchange, all as more fully provided in the Indenture;

6. The principal, premium, if any, and each installment of interest on the Securities of the Second Series shall be payable as provided in Exhibit A. Registration and registration of transfers and exchanges in respect of the Securities of the Second Series may be effected at the office or agency of the Company in The City of New York. Notices and demands to or upon the Company in respect of the Securities of the Second Series may be served at the office or agency of the Company in The City of New York. The Corporate Trust Office of the Trustee will initially be the agency of the Company for such service of notices and demands, and the Company hereby appoints the Trustee as its agent for all such purposes; provided, however, that the Company reserves the right to change, by one or more Officer's Certificates, any such office or agency. The Company will initially be the Security Registrar and the Paying Agent for the Securities of the Second Series;
7. The Securities of the Second Series will be redeemable as provided in the form set forth in Exhibit A hereto, upon not less than 30 nor more than 60 days' notice given to the Holders thereof. In case of any redemption at the election of the Company of all of the Securities of the Second Series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date. In case of any redemption at the election of the Company of less than all the Securities of such series, the Company shall, at least 45 days prior to the Redemption Date fixed by the Company (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee in writing of such Redemption Date and of the principal amount of Securities of such series to be redeemed and deliver to the Trustee an Officer's Certificate stating that no default in payment of interest or Event of Default with respect to the Securities of such series has occurred (or, if such an Event of Default shall have occurred, that the same has been cured or waived). In case of any partial redemption of the Securities of the Second Series, the principal amount to be redeemed shall be prorated as nearly as practicable among the Holders of the Outstanding Securities of the Second Series except that the portion of the principal amount of each Outstanding Security of the Second Series to be redeemed shall always be \$1,000 or an integral multiple thereof;
8. Each Security of the Second Series shall bear the non-registration legend in substantially the form set forth in Exhibit A hereto, unless otherwise agreed by the Company, such agreement to be confirmed in writing to the Trustee. Nothing in the Indenture, the Securities of the Second Series or this certificate shall be construed to require the Company to register any Securities of the Second Series under the Securities Act of 1933, as amended, (the "Securities Act") unless otherwise expressly agreed by the Company, confirmed in writing to the Trustee, or to make any transfer of such Securities in violation of applicable law. In connection with any transfer of Securities of the Second Series, the transferring Holders and their transferees shall provide the Company and the Trustee with such certificates and other information as the Company or the Trustee may reasonably request regarding the compliance of such transfer with the Securities Act and any applicable state securities laws or any exemption therefrom, the validity, legality and due authorization of any such transfer, the eligibility of the transferee to receive such Security and any other facts and circumstances related to such transfer; and the Trustee, the Security Registrar and

the Company shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in relying upon such opinions, certificates and other information received from the Holders and any transferees of any Securities of the Second Series;

9. No service charge shall be made for the registration of transfer or exchange of the Securities of the Second Series; provided, however, that the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the exchange or transfer;
10. The Company additionally covenants that, so long as any Securities of the Second Series remain Outstanding, it will:
 - A. keep proper books of record and account in accordance with generally accepted accounting principles;
 - B. pay all applicable taxes, assessments and governmental charges imposed upon it or any of its properties or assets or in respect of any of its franchises, business income or profits and comply with all applicable statutes, regulations and orders of governmental bodies relating to taxes except for any tax the payment of which, or statutes, regulations and orders the compliance with which, in each case, is being contested in good faith and by appropriate means and for which adequate reserves have been provided or with respect to which there would not reasonably be expected to be a material adverse effect on the financial condition of the Company;
 - C. carry and maintain in full force and effect at all times with fiscally sound and reputable insurers insurance against such risks as the Company deems reasonable and prudent in the circumstances; provided that such insurance shall be comparable to insurance carried by, or otherwise maintained by, comparable companies similarly situated to the Company carrying on the same types of businesses;
 - D. comply with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, the noncompliance with which would materially adversely affect the business, condition (financial or other), assets, properties or operations of the Company taken as a whole; and
 - E. give prompt written notice to the Holders of its acceptance of the appointment by the Trustee of any Authenticating Agent (such notice to include the name and address of such Authenticating Agent) as contemplated by Section 915 of the Indenture.
11. So long as any Securities of the Second Series remain Outstanding, the following shall constitute additional Events of Default with respect to such series:
 - (a) At any time prior to the payment in full of all amounts due under the Securities of the Second Series, the Company shall (A) fail to pay aggregate Indebtedness (as hereinafter defined) in excess of the greater of (i) \$15 million and (ii) 5% of the total assets of the Company (whether as to principal, interest or premium) when due, or (B) breach any covenant with respect to aggregate Indebtedness in excess of the greater of (i) \$15 million and (ii) 5% of the total assets of the Company (whether as to principal, interest or premium), and such failure or breach shall continue after applicable grace periods specified in the agreement or instrument relating to such Indebtedness, if the effect of such failure or breach is to accelerate the maturity of such Indebtedness, and, in such

case, the Company shall have failed to cure (or obtain a waiver of) such failure, breach or default within ten days after the expiration of such grace period has occurred;

- (b) At any time prior to the payment in full of all amounts due under the Securities of the Second Series, the Guarantor shall fail to pay aggregate Indebtedness in excess of \$25 million (whether as to principal, interest or premium) when due, and such failure shall continue after applicable grace periods specified in the agreement or instrument relating to such Indebtedness, if the effect of such failure is to accelerate the maturity of such Indebtedness, and, in such case, the Guarantor shall have failed to cure (or obtain a waiver of) such failure or default with ten days after the expiration of such grace period has occurred;

INDEBTEDNESS, as used in this certificate, shall mean, with respect to a Person (as defined in the Indenture), all obligations (other than non-recourse obligations) of, or guaranteed or assumed by, such Person for borrowed money or obligations under leases of personal property which are required by generally accepted accounting practices to be capitalized on the balance sheet of such Person.

- (c) The entry by a court having jurisdiction in the premises of
- (i) a decree or order for relief in respect of the Guarantor in an involuntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or
- (ii) a decree or order adjudging the Guarantor a bankrupt or insolvent, or approving as properly filed a petition by one or more persons other than the Guarantor seeking reorganization, arrangement, adjustment or composition of or in respect of the Guarantor under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, or appointing a custodian, receiver, liquidator, assignee, trustee, sequestrator or other similar official for the Guarantor or for any substantial part of its property, or ordering the winding up or liquidation of its affairs, and any such decree or order for relief or any such other decree or order shall have remained unstayed and in effect for a period of 90 consecutive days.
- (d) The commencement by the Guarantor of a voluntary case or proceeding under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law or of any other case or proceeding to be adjudicated a bankrupt or insolvent, or the consent by it to the entry of a decree or order for relief in respect of the Guarantor in a case or other similar proceeding or to the commencement of any bankruptcy or insolvency case or proceeding against it under any applicable Federal or state law or the filing by it of a petition or answer or consent seeking reorganization or relief under any applicable Federal or state bankruptcy, insolvency, reorganization or other similar law, or the consent by it to the filing of such petition or to the appointment of or taking possession by a custodian, receiver, liquidator, assignee, trustee, sequestrator or similar official of the Guarantor or of any substantial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts as they become due, or the authorization of such action by the Guarantor's board of directors;

- (e) Failure to perform or breach of any covenant or warranty of the Guarantor in the Guarantee for a period of 60 days after there has been given, by registered or certified mail, to the Guarantor by the Trustee, or to the Guarantor and the Trustee by the Holders of at least 25% in principal amount of the Outstanding Securities of the Second Series, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Guarantor Default" hereunder, unless the Trustee, or the Trustee and the Holders of a principal amount of Securities of the Second Series not less than the principal amount of Securities the Holders of which gave such notice, as the case may be, shall agree in writing to an extension of such period prior to its expiration; provided, however, that the Trustee, or the Trustee and the Holders of such principal amount of Securities of the Second Series, as the case may be, shall be deemed to have agreed to an extension of such period if corrective action is initiated by the Guarantor within such period and is being diligently pursued. On any date that the principal financial officer, the principal executive officer or the principal accounting officer of the Guarantor shall obtain actual knowledge that the Guarantor has failed to perform or breached any covenant or warranty of the Guarantor in the Guarantee (and without limiting the rights of the Trustee or the Holders if an actual, written Notice of Guarantor Default shall have been delivered), the Guarantor shall be deemed to have received on such date a written "Notice of Guarantor Default" specifying such failure or breach and requiring it to be remedied and, accordingly, the aforementioned 60 day period shall commence as of such date of actual knowledge.

Notwithstanding anything to the contrary contained in the Securities of the Second Series, this certificate or in the Indenture, with respect to an event described in clause (b), (c), (d) or (e) of this section (each such event, a "Guarantor Event"), such Guarantor Event shall not be deemed to be an Event of Default until 15 Business Days after such Guarantor Event has occurred, and, if, within such 15 day period, the Company shall have provided to the Trustee a certificate or letter from Standard & Poor's Corporation (if the Securities of the Second Series are then rated by Standard & Poor's Corporation, or, if the Securities of the Second Series are then rated by another nationally recognized rating agency, then by such other agency) confirming that the rating on the Securities of the Second Series at such time is BBB or better (or the equivalent rating if by another rating agency), then such Guarantor Event shall be deemed to be waived by the Holders of the Securities of the Second Series and shall not constitute an Event of Default notwithstanding its continuation in fact;

12. The Company covenants that the Securities of the Second Series shall rank PARI PASSU with all existing and future unsecured Senior Indebtedness of the Company;

For the purposes of this covenant, except as otherwise expressly provided or unless the context otherwise requires:

SENIOR INDEBTEDNESS means all obligations (other than non-recourse obligations) of, or guaranteed or assumed by, the Company for borrowed money, including indebtedness for borrowed money or for the payment of money relating to any lease which is capitalized on the consolidated balance sheet of the Company and its subsidiaries in accordance with generally accepted accounting principles as in effect from time to time, or evidenced by bonds, debentures, notes or other similar instruments, and in each case, amendments, renewals, extensions, modifications and refundings of any such indebtedness or obligations, whether existing as of the date of this Indenture or subsequently incurred by the Company;

13. The obligations of the Company to make due and punctual payment of the principal of and premium, if any, and interest on the Securities of the Second Series shall be fully and unconditionally guaranteed by the Guarantor, as provided in the Guarantee to be delivered by the Guarantor to the Trustee. The form of such Guarantee is attached hereto as Exhibit B. The Trustee shall hold and enforce such Guarantee solely for the benefit of the Holders of the Securities of the Second Series. If any amounts shall become due and payable under such Guarantee, the Trustee, in its own name and as trustee for such Holders, may demand payment, may institute a judicial proceeding for the collection of the sums so due and unpaid, may prosecute such proceeding to judgment or final decree and may enforce the same and collect the moneys adjudged or decreed to be payable in the manner provided by law;
14. The obligations of the Company under the Securities of the Second Series and under the Indenture to the extent related to such series will be subject to assumption in whole by the Guarantor at any time (and upon such assumption the Company shall be released and discharged from its obligations under the Securities of the Second Series and under the Indenture to the extent related to such series) as provided in the form set forth in Exhibit A hereto. Upon such assumption, the additional Events of Default contained in clauses (a), (c), (d) and (e) and the last paragraph of Section 11 of this certificate shall be deleted and the following modifications to the Indenture shall be made by supplemental indenture, to remain in effect so long as any Securities of the Second Series remain Outstanding:
- A. The provisions contained in the Guarantee under the heading "Limitation of Liens" shall be added to the Indenture. In making such addition, the word "Company" shall be substituted for the word "Guarantor", the word "Indenture" shall be substituted for the word "Guarantee" and such other modifications as the context may require shall be made.
 - B. The additional Event of Default contained in clause (b) of Section 11 of this certificate shall be added to the Indenture. In making such addition, the word "Company" shall be substituted for the word "Guarantor".
15. The Holders of the Securities of the Second Series, by their acceptance of Securities of the Second Series, agree that the sale or other transfer by the Company of the Company's wholly-owned subsidiary, Automotive Finance Corporation, does not constitute the Company "conveying or otherwise transferring or leasing its properties and assets substantially as an entirety" within the meaning of Section 1101 of the Indenture. Nothing contained in this paragraph 15 shall be construed in any way to imply that the sale or other transfer by the Company of the Company's subsidiary, Automotive Finance Corporation, does constitute the Company "conveying or otherwise transferring or leasing its properties and assets substantially as an entirety" within the meaning of Section 1101 of the Indenture;

16. If the Company shall make any deposit of money and/or Government Obligations with respect to any Securities of the Second Series, or any portion of the principal amount thereof, as contemplated by Section 701 of the Indenture (a "Deposit"), the Company may also deliver to the Trustee an instrument wherein the Company, notwithstanding the satisfaction and discharge of its indebtedness in respect of such Securities of the Second Series, or such portion of the principal amount thereof, shall assume the obligation (which shall be absolute, unconditional and guaranteed to the same extent as were the obligations of the Company under the Securities of the Second Series) to irrevocably deposit with the Trustee or Paying Agent such additional sums of money, if any, or additional Government Obligations (meeting the requirements of Section 701), if any, or any combination thereof, at such time or times, as shall be necessary, together with the money and/or Government Obligations theretofore so deposited, to pay when due the principal of and premium, if any, and interest due and to become due on such Securities of the Second Series or portions thereof, all in accordance with and subject to the provisions of said Section 701; provided, however, that such instrument may state that the obligation of the Company to make additional deposits as aforesaid shall be subject to the delivery to the Company by the Trustee of a notice asserting the deficiency accompanied by an opinion of an independent public accountant of nationally recognized standing, selected by the Trustee, showing the calculation thereof.

If the Company proposes to make any Deposit, the Company shall also deliver to the Trustee either:

- (A) a tax indemnity agreement of the Company (a "Tax Indemnity Agreement"), reasonably satisfactory in form, scope and substance to the Trustee, which Tax Indemnity Agreement shall include, inter alia (a) the agreement of the Company to indemnify any Holder of the Securities of the Second Series ("Indemnitee") from any United States federal, state or local income tax liability (including penalties and interest) resulting from a Deposit as contemplated by Section 7.01 of the Indenture (any such United States federal, state or local tax liability (including penalties and interest) being referred to as a "Tax Loss,") together with any reasonable costs and expenses incurred by such Indemnitee (including, without limitation, reasonable legal fees and expenses) in connection with such Tax Loss; and (b) provisions such that calculation of any Tax Loss is net of any tax benefits associated with such Tax Loss in the current or any future tax years (whether such tax benefit shall be by deduction, credit, allocation, step-up in basis or otherwise) or refunds to such Indemnitee; any calculations made pursuant to this (a) or (b) to be made on a so-called "grossed-up" after-tax basis; or
- (B) an Opinion of Thelen Reid & Priest LLP, or other nationally recognized independent counsel, reasonably satisfactory in form, scope and substance to the Trustee, that the Holders of such Securities of the Second Series, or portions of the principal amount thereof, will not recognize income, gain or loss for United States federal income tax purposes as a result of the Deposit, the Deposit will not cause the Securities (or any deemed exchanged securities) to have original issue discount as defined in the Internal Revenue Code or Treasury Regulations, and the Securities will be subject to United States federal income tax on the same amounts, at the same times and in the same manner as if such Deposit had not been made.

17. The Securities of the Second Series shall have such other terms and provisions as are provided in the form of the Securities of the Second Series set forth in Exhibit A hereto, and shall be issued in substantially such form;

18. The undersigned has read all of the covenants and conditions contained in the Indenture, and the definitions in the Indenture relating thereto, relating to the issuance of the Securities of the Second Series and in respect of compliance with which this certificate is made;
19. The statements contained in this certificate are based upon the familiarity of the undersigned with the Indenture, the documents accompanying this certificate, and upon discussions by the undersigned with officers and employees of the Company familiar with the matters set forth herein;
20. In the opinion of the undersigned, he has made such examination or investigation as is necessary to enable the undersigned to express an informed opinion as to whether or not such covenants and conditions have been complied with; and
21. In the opinion of the undersigned, such conditions and covenants and conditions precedent, if any, provided for in the Indenture (including any covenants compliance with which constitutes a condition precedent) relating to the authentication and delivery of the Securities of the Second Series requested in the accompanying Company Order, have been complied with.

IN WITNESS WHEREOF, the undersigned has executed this Officer's Certificate this 30th day of March, 2000.

/s/ William T. Stackhouse

William T. Stackhouse
Chief Financial Officer

[non-registration legend]

THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"). THE HOLDER HEREOF, BY PURCHASING THIS SECURITY, AGREES THAT THIS SECURITY MAY NOT BE RESOLD, PLEDGED OR OTHERWISE TRANSFERRED AT ANY TIME EXCEPT PURSUANT TO THE INDENTURE AND THE OFFICER'S CERTIFICATE CREATING THIS SERIES AND PURSUANT TO REGISTRATION UNDER THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS OR AN EXEMPTION THEREFROM. THE HOLDER HEREOF SPECIFICALLY ACKNOWLEDGES AND AGREES THAT THE COMPANY IS NOT OBLIGATED TO EFFECT ANY SUCH REGISTRATION.

[FORM OF FACE OF SECURITY]

No. _____

[CUSIP No. _____]

ADESA CORPORATION

8.10% SENIOR NOTE, SERIES B, DUE 2010

ADESA Corporation, a corporation duly organized and existing under the laws of the State of Indiana (herein referred to as the "Company", which term includes any successor Person under the Indenture), for value received, hereby promises to pay to

or registered assigns, the principal sum of ----- Dollars on March 30, 2010 (the "Stated Maturity" of the Securities of this series), and to pay interest on said principal sum, from and including, March 30, 2000 or from, and including, the most recent Interest Payment Date to which interest has been paid or duly provided for, semi-annually on March 30 and September 30 of each year, commencing September 30, 2000 at the rate of 8.10% per annum until the principal hereof is paid or made available for payment; PROVIDED that such rate of interest shall be 10.10% per annum with respect to any days during which an Event of Default with respect to the Securities of this series shall exist and be continuing. The amount of interest payable on any Interest Payment Date shall be computed on the basis of a 360-day year of twelve 30-day months. Interest on the Securities of this series will accrue from, and including, March 30, 2000 to the first Interest Payment Date, and thereafter will accrue, from, and including, the last Interest Payment Date to which interest has been paid or duly provided for. In the event that any Interest Payment Date is not a Business Day, then payment of interest payable on such date will be made on the next succeeding day which is a Business Day (and without any interest or other payment in respect of such delay), with the same force and effect as if made on the Interest Payment Date. The interest so payable, and punctually paid or duly provided for, on any Interest Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on the date fifteen (15) days next preceding such Interest Payment Date (the Regular Record Date) or if such date is not a Business Day, the next succeeding Business Day. The Company shall not be required to execute or to provide for the registration of transfer of or the exchange of any Security of the Second Series during a period of fifteen (15) days next preceding any Interest Payment Date for such Series. Any such interest not so punctually paid or duly provided for will forthwith cease to be payable to the Holder on such Regular Record Date and may either be paid to the Person in whose name this Security (or one or more Predecessor Securities) is registered at the close of business on a Special Record Date for the payment of such Defaulted Interest to be fixed by the Trustee,

notice whereof shall be given to Holders of Securities of this series not less than 10 days prior to such Special Record Date, all as more fully provided in the Indenture referred to on the reverse hereof.

Payment of the principal of and premium, if any, and interest on this Security will be made by wire transfer to the extent required by the Note Purchase Agreements dated March 30, 2000, between the Company and the initial purchasers of the Securities of this series, in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts; provided, however, that to the extent that payment by wire transfer is not required by such Note Purchase Agreement, payment of principal, and premium, if any, and each installment of interest on this Security shall be made at the office or agency of the Company maintained for that purpose in The City of New York, the State of New York upon presentation of this Security except that, at the option of the Company, payment of interest on this Security may be made by check mailed to the address of the person entitled thereto, as such address shall appear on the Security Register.

Reference is hereby made to the further provisions of this Security set forth on the reverse hereof, which further provisions shall for all purposes have the same effect as if set forth at this place.

Unless the certificate of authentication hereon has been executed by the Trustee referred to on the reverse hereof by manual signature, this Security shall not be entitled to any benefit under the Indenture or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Company has caused this instrument to be duly executed.

ADESA Corporation

By: _____

ATTEST:
- _____

[FORM OF CERTIFICATE OF AUTHENTICATION]

CERTIFICATE OF AUTHENTICATION

This is one of the Securities of the series designated therein referred to in the within-mentioned Indenture.

Dated:

THE BANK OF NEW YORK, as Trustee

By: _____
Authorized Signatory

[FORM OF REVERSE OF SECURITY]

This Security is one of a duly authorized issue of securities of the Company (herein called the "Securities"), issued and to be issued in one or more series under an Indenture, dated as of May 15, 1996 (herein, together with any amendments thereto, called the "Indenture", which term shall have the meaning assigned to it in such instrument), between the Company and The Bank of New York, as Trustee (herein called the "Trustee", which term includes any successor trustee under the Indenture), and reference is hereby made to the Indenture, including the Board Resolutions and Officer's Certificate filed with the Trustee on March 30, 2000 creating the series designated on the face hereof, for a statement of the respective rights, limitations of rights, duties and immunities thereunder of the Company, the Trustee and the Holders of the Securities and of the terms upon which the Securities are, and are to be, authenticated and delivered. This Security is one of the series designated on the face hereof, limited in aggregate principal amount to \$35,000,000.

The Securities of this series are subject to redemption upon not less than 30 days nor more than 60 days' notice by mail, at the option of the Company, in whole, at any time, or in part, from time to time (but, if in part, only in connection with redemptions of Securities of this series in an aggregate principal amount of \$1,000 or any integral multiple thereof), at a price ("Redemption Price") equal to the sum of (A) the principal amount of the Securities of this series to be redeemed, plus (B) accrued interest thereon (except if the Redemption Date shall be an Interest Payment Date) to the date selected for redemption ("Redemption Date"), plus (C) a premium equal to the Make-Whole Amount (as hereinafter defined). Each Security of this series (or portion thereof) so redeemed shall be canceled (or such portion thereof shall be deemed to have been canceled) and, thereafter, shall not be reissued.

Notice of a make-whole redemption shall be accompanied by an Officer's Certificate certifying: (A) the preliminary redemption price (the "Preliminary Redemption Price"), including the aggregate applicable principal, interest and Make-Whole Amount, and (B) the portion of such Preliminary Redemption Price allocable to each Security of this series. On or prior to the Redemption Date, the Company shall deliver to each Holder of the Securities of this series and to the Trustee a further Officer's Certificate certifying (X) the Redemption Price, including the aggregate applicable principal, interest and Make-Whole Amount, and (Y) the portion of such Redemption Price allocable to each Security of this series.

Any Holder of the Securities of this series shall have the right to contest the calculation of any Redemption Price to be paid or paid to such Holder as the result of any make-whole redemption by delivering written notice to the Company, within five (5) Business Days of receipt by such Holder of the further Officer's Certificate referred to in the preceding paragraph, setting forth such Holder's objection. Within five (5) Business Days of receipt by the Company of any such notice, the Company shall notify each Holder of such Securities of this series and the Trustee of the nature of such objection and of the Company's response thereto. Any increase in a Redemption Price made by the Company as a result of any such objection shall be paid to each Holder and acceptance thereof shall not be deemed to be a waiver by such Holder of any right to contest the amount of such payment; provided, that notice of such contest has been delivered to the Company within five (5) Business Days after receipt of such further Officer's Certificate.

The Trustee shall be under no duty to inquire into, may conclusively presume the correctness of, and shall be fully protected in acting upon the Company's calculation of any Preliminary Redemption Price, any Redemption Price and any increase therein.

The term "BUSINESS DAY" means any day other than a Saturday or a Sunday or a day on which banking institutions in The City of New York are authorized or required by law or executive order to remain closed or a day on which the Corporate Trust Office of the Trustee is closed for business.

The term "DISCOUNT RATE" means the Treasury Rate plus .50%.

The term "MAKE-WHOLE AMOUNT" means an amount equal to the excess, if any, of (A) the sum of the present values, on the day after the Redemption Date, of the amount of each remaining scheduled payment of interest (exclusive of interest accrued to the Redemption Date) on and principal of the Securities of this series, or portion of such payment, which will not be required to be made as a result of such optional redemption (each such amount discounted separately at the Discount Rate, to be determined (1) with respect to the Preliminary Redemption Price, as of the third Business Day before the date of mailing of notice of an optional redemption, and (2) with respect to the Redemption Price, as of the third Business Day before the Redemption Date, compounded semi-annually, from the date such amount would have been due), over (B) the principal amount of such Securities of this series to be optionally redeemed.

The term "TREASURY RATE" means the rate per annum equal to the arithmetic average of (A) the average yields on issues of non-callable United States Treasury securities adjusted to a constant maturity equal to the Life to Maturity of the Securities of this series (determined, if necessary, by interpolating such yields on non-callable United States Treasury securities adjusted to the particular constant maturities greater than (but nearest to) and less than (but nearest to) the Life to Maturity of the Securities of this series), as published by the Federal Reserve Board for release on the first Business Day preceding the Business Day on which such determination shall be made in its Statistical Release H.15(519) under the heading "Treasury Constant Maturities," for the two calendar weeks ending on the two Wednesdays immediately preceding the date of such release, or (B) if such average yields shall not have been published for such periods, two such reasonably comparable indices as may be designated for such period by the Company and not objected to by the Holders of a majority in aggregate unpaid principal amount of the Securities of this series then Outstanding.

The term "LIFE TO MATURITY" of the Securities of this series means, as of the date of the determination thereof, the number of years (calculated to the nearest one-twelfth) which will elapse between the date of determination and the Stated Maturity of the Securities of this series.

In the event of redemption of this Security in part only, a new Security or Securities of this series and of like tenor for the unredeemed portion hereof will be issued in the name of the Holder hereof upon the cancellation hereof.

The Indenture contains provisions for defeasance at any time of the entire indebtedness of this Security upon compliance with certain conditions set forth in the Indenture.

If an Event of Default with respect to Securities of this series shall occur and be continuing, the principal of the Securities of this series may be declared due and payable in the manner and with the effect provided in the Indenture.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Securities of each series to be affected under the Indenture at any time by the Company and the Trustee with the consent of the Holders of a majority in aggregate principal amount of the Securities at the time Outstanding of all series to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Securities of each series at the time Outstanding, on behalf of the Holders of all Securities of such series, to waive compliance by the

Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the Holder of this Security shall be conclusive and binding upon such Holder and upon all future Holders of this Security and of any Security issued upon the registration of transfer hereof or in exchange herefor or in lieu hereof, whether or not notation of such consent or waiver is made upon this Security.

As provided in and subject to the provisions of the Indenture, the Holder of this Security shall not have the right to institute any proceeding with respect to the Indenture or for the appointment of a receiver or trustee or for any other remedy thereunder, unless such Holder shall have previously given the Trustee written notice of a continuing Event of Default with respect to the Securities of this series, the Holders of not less than a majority in aggregate principal amount of the Securities of such series at the time Outstanding in respect of which an Event of Default shall have occurred and be continuing shall have made written request to the Trustee to institute proceedings in respect of such Event of Default as Trustee and offered the Trustee reasonable indemnity, and the Trustee shall not have received from the Holders of a majority in aggregate principal amount of Securities of all series at the time Outstanding in respect of which an Event of Default shall have occurred and be continuing a direction inconsistent with such request, and shall have failed to institute any such proceeding, for 60 days after receipt of such notice, request and offer of indemnity. The foregoing shall not apply to any suit instituted by the Holder of this Security for the enforcement of any payment of principal hereof or any premium or interest hereon on or after the respective due dates expressed herein.

No reference herein to the Indenture and no provision of this Security or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and any premium and interest on this Security at the times, place and rate, and in the coin or currency, herein prescribed.

The Securities of this series are issuable only in registered form without coupons in denominations of \$1,000 and any integral multiple thereof. As provided in the Indenture and subject to certain limitations therein set forth, Securities of this series are exchangeable for a like aggregate principal amount of Securities of this series and of like tenor and of authorized denominations, as requested by the Holder surrendering the same.

No service charge shall be made for any such registration of transfer or exchange, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

The Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Security is registered as the absolute owner hereof for all purposes, whether or not this Security be overdue, and neither the Company, the Trustee nor any such agent shall be affected by notice to the contrary.

The Securities of this series are entitled to the benefit of a Guarantee of Minnesota Power, Inc. (together with its successors and assigns, the "Guarantor") dated as of March 30, 2000 delivered to the Trustee as provided therein; provided, however, that such Guarantee shall be terminated if the obligations of the Company under the Securities of this series and the Indenture to the extent related to such series are assumed by Guarantor as herein provided.

Unless an Event of Default, or an event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing, the obligations of the Company under the Securities of this series and the Indenture to the extent related to such series may be assumed in whole, on a full recourse basis, by the Guarantor at any time (and upon any such assumption

the Company shall be released and discharged from its obligations under the Securities of this series and the Indenture to the extent related to such series); PROVIDED, HOWEVER, that such assumption shall be subject to, and permitted only upon the fulfillment and satisfaction of, the following terms and conditions: (a) an assumption agreement and a supplemental indenture to the Indenture evidencing such assumption shall be in substance and form reasonably satisfactory to the Trustee and shall, INTER ALIA, include modifications and amendments to the Indenture making the obligations under the Securities of this series and under the Indenture to the extent related to such series primary obligations of the Guarantor, substituting the Guarantor for the Company in the form of the Securities of this series and in provisions of the Indenture to the extent related to such series, modifying the Indenture to add the limitation of lien provision contained in the Guarantee and substitute the cross-default provision applicable to the Guarantor, and releasing and discharging the Company from its obligations under the Securities of this series and the Indenture to the extent related to such series; and (b) the Trustee shall have received (i) an executed counterpart of such assumption agreement and supplemental indenture; (ii) evidence satisfactory to the Trustee and the Company that all necessary authorizations, consents, orders, approvals, waivers, filings and declarations of or with, Federal, state, county, municipal, regional or other governmental authorities, agencies or boards (collectively, "Governmental Actions") relating to such assumption have been duly obtained and are in full force and effect, (iii) evidence satisfactory to the Trustee that any security interest intended to be created by the Indenture is not in any material way adversely affected or impaired by any of the agreements or transactions relating to such assumption and (iv) an Opinion of Counsel for the Guarantor, reasonably satisfactory in substance, scope and form to the Trustee and the Company, to the effect that (A) the supplemental indenture evidencing such assumption has been duly authorized, executed and delivered by the Guarantor, (B) the execution and delivery by the Guarantor of such supplemental indenture and the consummation of the transactions contemplated thereby do not contravene any provision of law or any governmental rule applicable to the Guarantor or any provision of the Guarantor's charter documents or by-laws and do not contravene any provision of, or constitute a default under, or result in the creation or imposition of any lien upon any of the Guarantor's properties or assets under any indenture, mortgage, contract or other agreement to which the Guarantor is a party or by which the Guarantor or any of its properties may be bound or affected, (C) all necessary Governmental Actions relating to such assumption have been duly obtained and are in full force and effect and (D) such agreement and supplemental indenture constitute the legal, valid and binding obligations of the Guarantor, enforceable in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws at the time in effect affecting the rights of creditors generally.

All terms used in this Security which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

[FORM OF GUARANTEE]
GUARANTEE
OF
MINNESOTA POWER, INC.

For value received, Minnesota Power, Inc., a corporation duly organized and existing under the laws of the State of Minnesota (herein called the "Guarantor"), hereby fully and unconditionally guarantees to the Trustee under the Indenture, dated as of May 15, 1996, between ADESA Corporation (the "Company") and The Bank of New York, as Trustee (together with any amendments thereto, the "Indenture," which term shall have the meaning assigned to it in such instrument), the payment of the obligations of the Company under the Securities of the Second Series and the Indenture relating to such series, including, without limitation, (i) the due and punctual payment of the principal of and premium, if any, and interest on the Securities of the Second Series when and as the same shall become due and payable, whether at maturity or upon redemption or upon declaration or otherwise, according to the terms thereof and of the Indenture, and (ii) the due and punctual payment of any amounts which may be payable by the Company under or pursuant to the Tax Indemnity Agreement referred to in paragraph 16 of the Officer's Certificate of William T. Stackhouse, Chief Financial Officer of the Company dated March 30, 2000 (the "Tax Indemnity Payments"). In case of the failure of the Company punctually to pay any such principal, premium, if any, or interest or Tax Indemnity Payment, the Guarantor hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at maturity or upon redemption or upon declaration or otherwise, and as if such payment were made by the Company. The Guarantor hereby agrees that its obligations hereunder shall be full and unconditional, irrespective of the validity, legality or enforceability of the Securities of the Second Series or the Indenture, the absence of any action to enforce the same, the waiver or consent by the Holder of the Securities of the Second Series or by the Trustee with respect to any provisions thereof or of said Indenture, the recovery of any judgment against the Company or any action to enforce the same or any other circumstance which might otherwise constitute a legal or equitable discharge or defense of a guarantor. The Guarantor hereby waives diligence, presentment, demand of payment, filing of claims with a court in the event of merger or bankruptcy of the Company, any right to require a proceeding first against the Company, protest or notice with respect to the Securities of the Second Series or the indebtedness evidenced thereby, and all demands whatsoever, and covenants that this Guarantee will not be discharged except by complete performance of the obligations contained in the Securities of the Second Series and in this Guarantee.

The Guarantor hereby guarantees that the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series will be paid to the Trustee without set-off or counterclaim or other reduction whatsoever (whether for taxes, withholding or otherwise) in lawful currency of the United States of America.

The obligations of the Guarantor hereunder are independent of the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series, and a separate action or actions may be brought and prosecuted against the Guarantor whether or not an action or proceeding is brought against the Company and whether or not the Company is joined in any such action or proceeding. The liability of the Guarantor hereunder is full and unconditional and (to the extent permitted by law) the liability and obligations of the Guarantor hereunder shall not be released, discharged, mitigated, waived, impaired or affected in whole or in part by any circumstance (including any statute of limitations) (other than payment) that might constitute a defense available to, or discharge of the Company or the Guarantor, including, without limitation, any termination, amendment,

modification, addition, deletion, supplement or other change to any of the terms of the Securities of the Second Series or the Indenture, any failure on the part of the Trustee or any Holder to enforce, assert or exercise any right, power or remedy, any waiver, consent, extension, renewal, indulgence, compromise, release, settlement, refunding or other action or inaction under or in respect of any obligation or liability of the Company or the Guarantor or the Trustee or any Holder, or any modification, compromise, settlement or release by the Trustee, or by operation of law or otherwise, of the obligations or the liability of the Company under the Securities of the Second Series, in whole or in part.

The Guarantor agrees that if at any time all or any part of any payment at any time received by the Trustee or the Holders of the Securities of the Second Series is or must be rescinded or returned by the Trustee or such Holders for any reason whatsoever (including, without limitation, the insolvency, reorganization or bankruptcy of the Company), then the Guarantor's obligations hereunder shall, to the extent of the payment rescinded or returned, be deemed to have continued in existence notwithstanding such previous receipt by the Trustee or such Holders, and the Guarantor's obligations hereunder shall continue to be effective or reinstated, as the case may be, as if such payment had never been made.

The failure of the Trustee to enforce any right or remedy hereunder, or promptly to enforce any right or remedy hereunder, or promptly to enforce any such right or remedy, shall not constitute a waiver thereof, nor give rise to any estoppel against the Trustee, nor excuse the Guarantor from its obligations hereunder.

No reference herein to the Indenture and no provision of this Guarantee or of the Indenture shall alter or impair the guarantee of the Guarantor, which is absolute and unconditional, of the due and punctual payment of the principal of and premium, if any, and interest on the Security of the series upon which this Guarantee is endorsed and of any Tax Indemnity Payments.

The Guarantor shall be subrogated to all rights of the Holder of the Securities of the Second Series against the Company in respect of any amounts paid by the Guarantor pursuant to the provisions of this Guarantee upon payment by the Guarantor of all amounts due and payable under such Guarantee.

This Guarantee shall be irrevocable unless terminated as provided herein. This Guarantee shall be terminated upon the assumption by the Guarantor of the obligations of the Company under the Securities of the Second Series and the Indenture to the extent related to such series as provided in the terms of such Securities.

All capitalized terms used in this Guarantee which are not defined herein but are defined in the Indenture shall have the meanings set forth in the Indenture.

This Guarantee shall be deemed to be a contract made under the laws of the State of New York and shall for all purposes be governed by and construed in accordance with the laws of such State.

SECTION 1. CONSOLIDATION, MERGER AND SALE OF ASSETS.

During the term of this Guarantee, the Guarantor shall not consolidate with or merge into any other corporation, or convey or otherwise transfer or lease its properties and assets substantially as an entirety to any Person, unless

(a) the corporation formed by such consolidation or into which the Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, the properties and assets of the

Guarantor substantially as an entirety shall be a Person organized and validly existing under the laws of the United States, any State thereof or the District of Columbia, and shall expressly assume, the obligations of the Guarantor under this Guarantee;

(b) immediately after giving effect to such transaction no Event of Default, and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing; and

(c) the Guarantor shall have delivered to the Trustee an Officer's Certificate (as hereinafter defined) and an Opinion of Counsel (as hereinafter defined), each stating that such consolidation, merger, conveyance, or other transfer or lease and such supplemental indenture comply with this Guarantee and that all conditions precedent herein provided for relating to such transactions have been complied with.

Upon any consolidation by the Guarantor with or merger by the Guarantor into any other corporation or any conveyance, or other transfer or lease of the properties and assets of the Guarantor substantially as an entirety in accordance with this Section, the successor corporation formed by such consolidation or into which the Guarantor is merged or the Person to which such conveyance, transfer or lease is made shall succeed to, and be substituted for, and may exercise every right and power of, the Guarantor under this Guarantee and under the terms of the Securities of the Second Series (including assumption of the obligations under the Securities of the Second Series and under the Indenture to the extent related to such series) with the same effect as if such successor Person had been named as the Guarantor herein, and thereafter, except in the case of a lease, the predecessor Person shall be relieved of all obligations and covenants under this Guarantee.

SECTION 1A. FINANCIAL INFORMATION.

During the term of this Guarantee, the Guarantor shall deliver to the Holders of the Securities of the Second Series:

(a) Quarterly Statements - promptly, and in any event within 60 days after the end of each quarterly fiscal period in each fiscal year of the Guarantor (other than the last quarterly fiscal period of each such fiscal year), duplicate copies of:

(i) consolidated balance sheets of the Guarantor as at the end of such quarter, and

(ii) consolidated statements of income, cash flows, and changes in shareholders' equity, of the Guarantor for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, setting forth in each case in comparative form the figures for the corresponding periods in the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP applicable to quarterly financial statements generally, and certified by an Authorized Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows, subject to changes resulting from year-end adjustments,

provided, that delivery within the time period specified above of copies of the Guarantor's Quarterly Report on Form 10-Q which is prepared in compliance with the requirements therefor and which is filed with the Securities and Exchange Commission shall be deemed to satisfy the requirements of this Section 1A(a);

(b) Annual Statements - promptly, and in any event within 105 days after the end of each fiscal year of the Guarantor, duplicate copies of,

(i) consolidated balance sheets of the Guarantor, as at the end of such year, and

(ii) consolidated statements of income, cash flows, and changes in shareholders' equity, of the Guarantor, for such year, setting forth in each case in comparative form the figures for the previous fiscal year, all in reasonable detail, prepared in accordance with GAAP, certified by an Authorized Officer as fairly presenting, in all material respects, the financial position of the companies being reported on and their results of operations and cash flows and accompanied by an opinion thereon of independent certified public accountants of recognized national standing, which opinion shall state that such financial statements present fairly, in all material respects, the financial position of the companies being reported upon and their results of operations and cash flows and have been prepared in conformity with GAAP, and that the examination of such accountants in connection with such financial statements has been made in accordance with generally accepted auditing standards, and that such audit provides a reasonable basis for such opinion in the circumstances,

provided that the delivery within the time period specified above of the Guarantor's Annual Report on Form 10-K for such fiscal year (together with the Guarantor's annual report to shareholders if any, prepared pursuant to Rule 14a-3 under the Exchange Act) which are prepared in accordance with the requirements therefor and which are filed with the Securities and Exchange Commission, shall be deemed to satisfy the requirements of this Section 1A(b);

SECTION 2. LIMITATION ON LIENS.

A. The Guarantor shall not suffer any Lien (other than Permitted Liens) to be created or to exist upon any property (other than Excepted Property) of the Guarantor, real, personal or mixed, of whatever kind or nature and located in the State of Minnesota, whether owned at the date of the execution and delivery of this Guarantee or hereafter acquired, all except as expressly contemplated in subsection B of this Section.

B. The provisions of subsection A shall not prohibit the creation or existence of any Lien on property of the Guarantor which secures indebtedness for borrowed money if either:

1. the Guarantor shall make effective provision whereby this Guarantee shall be secured equally and ratably with the indebtedness secured by such Lien; or

2. the Guarantor shall deliver to the Trustee bonds, notes or other evidences of indebtedness secured by such Lien (hereinafter called "Secured Obligations") (a) in an aggregate principal amount equal to the aggregate principal amount of the Securities of the Second Series then Outstanding, (b) maturing (or being subject to mandatory redemption) on March 30, 2010 and (c) containing, in addition to any mandatory redemption provisions applicable to all Secured Obligations outstanding under such Lien and any mandatory redemption provisions contained therein pursuant to clause (b) above, mandatory redemption provisions correlative to the provisions, if any, for the mandatory redemption (pursuant to a sinking fund or otherwise) of the Securities of the Second Series or for the redemption thereof at the option of the Holder, as well as a provision for mandatory redemption upon an

acceleration of the maturity of all Outstanding Securities of the Second Series following an Event of Default (such mandatory redemption to be rescinded upon the rescission of such acceleration); it being expressly understood that such Secured Obligations (x) may, but need not, bear interest, (y) may, but need not, contain provisions for the redemption thereof at the option of the issuer, any such redemption to be made at a redemption price or prices not less than the principal amount thereof and (z) shall be held by the Trustee for the benefit of the Holders of all Securities of the Second Series from time to time Outstanding subject to such terms and conditions relating to surrender to the Guarantor, transfer restrictions, voting, application of payments of principal and interest and other matters as shall be set forth in an indenture supplemental hereto specifically providing for the delivery to the Trustee of such Secured Obligations.

C. If the Guarantor shall elect either of the alternatives described in subsection B, the Guarantor shall deliver to the Trustee:

1. an amendment to this Guarantee (a) together with appropriate inter-creditor arrangements, whereby this Guarantee shall be secured by the Lien referred to in subsection B equally and ratably with all other indebtedness secured by such Lien or (b) providing for the delivery to the Trustee of Secured Obligations;

2. an Officer's Certificate (a) stating that, to the knowledge of the signer, (I) no Event of Default has occurred and is continuing and (II) no event has occurred and is continuing which entitles the secured party under such Lien to accelerate the maturity of the indebtedness outstanding thereunder and (b) stating the aggregate principal amount of indebtedness issuable, and then proposed to be issued, under and secured by such Lien;

3. an Opinion of Counsel (a) if this Guarantee is to be secured by such Lien, to the effect that all Securities of the Second Series then Outstanding are entitled to the benefit of such Lien equally and ratably with all other indebtedness outstanding under such Lien or (b) if Secured Obligations are to be delivered to the Trustee, to the effect that such Secured Obligations have been duly issued under such Lien and constitute valid obligations, entitled to the benefit of such Lien equally and ratably with all other indebtedness then outstanding under such Lien.

D. For all purposes of this Guarantee, except as otherwise expressly provided or unless the context otherwise requires:

"EXCEPTED PROPERTY" means

(a) all cash on hand or in banks or other financial institutions, deposit accounts, shares of stock, interests in general or limited partnerships, bonds, notes, evidences of indebtedness and other securities not hereafter paid or delivered to, deposited with or held by the Trustee hereunder or required so to be;

(b) all contracts, leases, operating agreements, and other agreements of whatsoever kind and nature; all contract rights, bills, notes and other instruments and chattel paper (except to the extent that any of the same constitute securities, in which case they are separately excepted from this Guarantee under clause (a) above); all revenues, income and earnings, all accounts, accounts receivable and unbilled revenues, and all rents, tolls, issues, product and profits, claims, credits, demands and judgments; all governmental and other licenses, permits, franchises, consents and allowances; all patents, patent licenses and other

patent rights, patent applications, trade names, trademarks, copyrights, claims, credits, choses in action and other intangible property and general intangibles including, but not limited to, computer software;

(c) all automobiles, buses, trucks, truck cranes, tractors, trailers and similar vehicles and movable equipment; all rolling stock, rail cars and other railroad equipment; all vessels, boats, barges and other marine equipment; all airplanes, helicopters, aircraft engines and other flight equipment; all parts, accessories and supplies used in connection with any of the foregoing; and all personal property of such character that the perfection of a security interest therein or other Lien thereon is not governed by the Uniform Commercial Code as in effect in the jurisdiction in which such property is located;

(d) all goods, stock in trade, wares, merchandise and inventory held for the purpose of sale or lease in the ordinary course of business; all materials, supplies, inventory and other items of personal property which are consumable (otherwise than by ordinary wear and tear) in their use in the operation of any property of the Guarantor; all fuel, including nuclear fuel, whether or not any such fuel is in a form consumable in the operation of any property of the Guarantor, including separate components of any fuel in the forms in which such components exist at any time before, during or after the period of the use thereof as fuel; all hand and other portable tools and equipment; all furniture and furnishings; and computers and data processing, data storage, data transmission, telecommunications and other facilities, equipment and apparatus, which, in any case, are used primarily for administrative or clerical purposes or are otherwise not necessary for the operation or maintenance of the facilities, machinery, equipment or fixtures of the Guarantor for (i) the generation, transmission or distribution of electric energy, (ii) the transmission, storage or distribution of gas or (iii) the appropriation, storage, transmission or distribution of water;

(e) all coal, ore, gas, oil and other minerals and all timber, and all rights and interests in any of the foregoing, whether or not such minerals or timber shall have been mined or extracted or otherwise separated from the land; and all electric energy, gas (natural or artificial), steam, water and other products generated, produced, manufactured, purchased or otherwise acquired by the Guarantor;

(f) all real property, leaseholds, gas rights, wells, gathering, tap or other pipe lines, or facilities, equipment or apparatus, in any case used or to be used primarily for the production or gathering of natural gas;

(g) all hydroelectric plants and all lands, power sites, flowage rights, water rights, riparian rights, permits, licenses, franchises, privileges, leaseholds, water locations, water appropriations, ditches, flumes, reservoirs, reservoir sites, canals, raceways, dams, dam sites, aqueducts, structures, facilities, equipment, or apparatus, in any case used or to be used primarily in connection with the Company's hydroelectric plants; and

(h) all leasehold interests held by the Guarantor a lessee.

"LIEN" means any mortgage, deed of trust, pledge, security interest, encumbrance, easement, lease, reservation, restriction, servitude, charge or similar right and any other lien of any kind, including, without limitation, any conditional sale or other title retention agreement, any lease in the nature thereof, and any defect, irregularity, exception or limitation in record title.

"OFFICER'S CERTIFICATE" means a certificate signed by an Authorized Officer and delivered to the Trustee. "Authorized Officer" means the Chairman of the Board, the President, any Vice President, the Treasurer, any Assistant Treasurer, or any other officer or agent of the Guarantor duly authorized by the Board of Directors to act in respect of matters relating to this Guarantee. "Board of Directors" means either the board of directors of the Guarantor or any committee thereof duly authorized to act in respect of matters relating to this Guarantee.

"OPINION OF COUNSEL" means a written opinion of counsel, who may be counsel for the Guarantor, or other counsel acceptable to the Trustee.

"PERMITTED LIENS" means, as of any particular time, any of the following:

(a) Liens for taxes, assessments and other governmental charges or requirements which are not delinquent or which are being contested in good faith by appropriate proceedings;

(b) mechanics', workmen's, repairmen's, materialmen's, warehousemen's and carriers' Liens, other Liens incident to construction, Liens or privileges of any employees of the Guarantor for salary or wages earned, but not yet payable, and other Liens, including without limitation Liens for worker's compensation awards, arising in the ordinary course of business for charges or requirements which are not delinquent or which are being contested in good faith and by appropriate proceedings;

(c) Liens in respect of attachments, judgments or awards arising out of judicial or administrative proceedings (i) in an aggregate amount not exceeding Ten Million Dollars (\$10,000,000) or (ii) with respect to which the Guarantor shall (X) in good faith be prosecuting an appeal or other proceeding for review and with respect to which the Guarantor shall have secured a stay of execution pending such appeal or other proceeding or (Y) have the right to prosecute an appeal or other proceeding for review;

(d) easements, leases, reservations or other rights of others in, on, over, and/or across, and laws, regulations and restrictions affecting, and defects, irregularities, exceptions and limitations in title to, the property of the Guarantor or any part thereof; provided, however, that such easements, leases, reservations, rights, laws, regulations, restrictions, defects, irregularities, exceptions and limitations do not in the aggregate materially impair the use by the Guarantor of its property considered as a whole for the purposes for which it is held by the Guarantor;

(e) defects, irregularities, exceptions and limitations in title to real property subject to rights-of-way in favor of the Guarantor or otherwise or used or to be used by the Guarantor primarily for right-of-way purposes or real property held under lease, easement, license or similar right; provided, however, that (i) the Guarantor shall have obtained from the apparent owner or owners of such real property a sufficient right, by the terms of the instrument granting such right-of-way, lease, easement, license or similar right, to the use thereof for the purposes for which the Guarantor acquired the same, (ii) the Guarantor has power under eminent domain or similar statutes to remove such defects, irregularities, exceptions or limitations or (iii) such defects, irregularities, exceptions and limitations may be otherwise remedied without undue effort or expense; and defects, irregularities, exceptions and limitations in title to flood lands, flooding rights and/or water rights;

(f) Liens securing indebtedness or other obligations neither created, assumed nor guaranteed by the Guarantor nor on account of which it customarily pays interest upon real property or rights in or relating to real property acquired by the Guarantor for the purpose of the transmission or distribution of electric energy, gas or water, for the purpose of telephonic, telegraphic, radio, wireless or other electronic communication or otherwise for the purpose of obtaining rights-of-way;

(g) leases existing at the date of the execution and delivery of this Guarantee affecting properties owned by the Guarantor at said date and renewals and extensions thereof; and leases affecting such properties entered into after such date or affecting properties acquired by the Guarantor after such date which, in either case, (i) have respective terms of not more than ten (10) years (including extensions or renewals at the option of the tenant) or (ii) do not materially impair the use by the Guarantor of such properties for the respective purposes for which they are held by the Guarantor;

(h) Liens vested in lessors, licensors, franchisors or permittees for rent or other amounts to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses, franchises or permits, so long as the payment of such rent or other amounts or the performance of such other obligations or acts is not delinquent or is being contested in good faith and by appropriate proceedings;

(i) controls, restrictions, obligations, duties and/or other burdens imposed by federal, state, municipal or other law, or by rules, regulations or orders of Governmental Authorities, upon any property of the Guarantor or the operation or use thereof or upon the Guarantor with respect to any of its property or the operation or use thereof or with respect to any franchise, grant, license, permit or public purpose requirement, or any rights reserved to or otherwise vested in Governmental Authorities to impose any such controls, restrictions, obligations, duties and/or other burdens;

(j) rights which Governmental Authorities may have by virtue of franchises, grants, licenses, permits or contracts, or by virtue of law, to purchase, recapture or designate a purchaser of or order the sale of, any property of the Guarantor, to terminate franchises, grants, licenses, permits, contracts or other rights or to regulate the property and business of the Guarantor; and any and all obligations of the Guarantor correlative to any such rights;

(k) Liens required by law or governmental regulations (i) as a condition to the transaction of any business or the exercise of any privilege or license, (ii) to enable the Guarantor to maintain self-insurance or to participate in any funds established to cover any insurance risks, (iii) in connection with workmen's compensation, unemployment insurance, social security, any pension or welfare benefit plan or (iv) to share in the privileges or benefits required for companies participating in one or more of the arrangements described in clauses (ii) and (iii) above;

(l) Liens on property of the Guarantor which are granted by the Guarantor to secure duties or public or statutory obligations or to secure, or serve in lieu of, surety, stay or appeal bonds;

(m) rights reserved to or vested in others to take or receive any part of any coal, ore, gas, oil and other minerals, any timber and/or any electric capacity or energy, gas, water,

steam and any other products, developed, produced, manufactured, generated, purchased or otherwise acquired by the Guarantor or by others on property of the Guarantor;

(n) (i) rights and interests of Persons other than the Guarantor arising out of contracts, agreements and other instruments to which the Guarantor is a party and which relate to the common ownership or joint use of property; and (ii) all Liens on the interests of Persons other than the Guarantor in property owned in common by such Persons and the Guarantor if and to the extent that the enforcement of such Liens would not adversely affect the interests of the Guarantor in such property in any material respect;

(o) any restrictions on assignment and/or requirements of any assignee to qualify as a permitted assignee and/or public utility or public service corporation;

(p) any Liens which have been bonded for the full amount in dispute or for the payment of which other adequate security arrangements have been made;

(q) grants, by the Guarantor of easements, ground leases or rights-of-way in, upon, over and/or across the property or rights-of-way of the Guarantor for the purpose of roads, pipe lines, transmission lines, distribution lines, communication lines, railways, removal of coal or other minerals or timber, and other like purposes, or for the joint or common use of real property, rights-of-way, facilities and/or equipment; provided, however, that no such grant shall materially impair the use of the property or rights-of-way for the purposes for which such property or rights-of-way are held by the Guarantor;

(r) Prepaid Liens;

(s) Purchase Money Liens and any other Liens existing or placed upon property at the time of, or within one hundred eighty (180) days after, the acquisition thereof by the Guarantor, and any extensions, renewals and/or replacements of any such Liens to secure any refundings, refinancings and/or replacements of the indebtedness secured thereby; provided, however, that no such Purchase Money Lien or other Lien shall extend to or cover any property of the Guarantor other than (i) the property so acquired and improvements, extensions and additions to such property and renewals, replacements and substitutions of or for such property or any part or parts thereof and (ii) with respect to Purchase Money Liens, other property subsequently acquired by the Guarantor;

(t) Liens on property of the Guarantor which secure indebtedness for borrowed money which matures less than one year from the date of the issuance or incurrence thereof and is not extendible at the option of the issuer, and any extensions, renewals and/or replacements of any such Liens to secure any refundings, refinancings and/or replacements of such indebtedness by or with similar indebtedness;

(u) Liens created or assumed by the Guarantor in connection with the issuance of debt securities the interest on which is not included in gross income for purposes of federal income taxation pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (or any successor provision of law), for the purpose of financing, in whole or in part, the acquisition or construction of property to be used by the Guarantor, to the extent that such Lien is required in connection with the issuance of such debt securities either by applicable law or by the issuer of such debt securities or is otherwise necessary in order to establish or maintain such exclusion from gross income; and any extensions, renewals and/or

replacements of any such Liens to secure any refundings, refinancings and/or replacement of such debt securities by or with similar securities;

(v) Liens securing indebtedness or lease obligations (i) which are related to the construction or acquisition of property not previously owned by the Guarantor or (ii) which are related to the financing of a project involving the development or expansion of property of the Guarantor and (iii) the obligee in respect of which has no recourse to the Guarantor or any property of the Guarantor other than the property constructed or acquired with the proceeds of such transaction or the project financed with the proceeds of such transaction (or the proceeds thereof);

(w) Liens created by the Mortgage and Deed of Trust dated September 1, 1945 between the Guarantor and Irving Trust Company (now The Bank of New York) and Richard H. West (Douglas I. MacInnes, successor), as Trustees, as heretofore and hereafter supplemented and amended (the "Mortgage"); and Liens created by any other indenture hereafter executed by the Guarantor pursuant to which bonds issued under the Mortgage are or are to be delivered to the trustee(s) under such indenture in a principal amount at least equal to the principal amount of debt securities to be secured by such indenture; and

(x) in addition to the Permitted Liens defined in clauses (a) through (w) above, Liens on any property of the Guarantor (other than Excepted Property) to secure indebtedness for borrowed money (under circumstances not otherwise excepted from the operation of this Section) in an aggregate principal amount not exceeding 2.5% of the total assets of the Guarantor and its consolidated subsidiaries, as shown on the latest balance sheet of the Guarantor and its consolidated subsidiaries, audited by independent certified public accountants, dated prior to the date of the issuance or incurrence of such indebtedness.

"PREPAID LIEN" means any Lien securing indebtedness for the payment, prepayment or redemption of which there shall have been irrevocably deposited in trust with the trustee or other holder of such Lien moneys and/or Investment Securities which (together with the interest reasonably expected to be earned from the investment and reinvestment in Investment Securities of the moneys and/or the principal of and interest on the Investment Securities so deposited) shall be sufficient for such purpose; provided, however, that if such indebtedness is to be redeemed or otherwise prepaid prior to the stated maturity thereof, any notice requisite to such redemption or prepayment shall have been given in accordance with the instrument creating such Lien or irrevocable instructions to give such notice shall have been given to such trustee or other holder. As used herein, the term "Investment Securities" means any of the following obligations or securities on which neither the Guarantor, any other obligor on the Securities of the Second Series nor any Affiliate of either is the obligor: (a) Government Obligations; (b) interest bearing deposit accounts (which may be represented by certificates of deposit) in any national or state bank (which may include the Trustee or any Paying Agent) or savings and loan association which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (c) bankers' acceptances drawn on and accepted by any commercial bank (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (d) direct obligations of, or obligations the principal of and interest on which are unconditionally guaranteed by, any State or Territory of the United States or the District of Columbia, or any political subdivision of any of the foregoing, which are rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest

rating categories (without regard to modifiers) for long term securities; (e) bonds or other obligations of any agency or instrumentality of the United States; (f) corporate debt securities which are rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (g) repurchase agreements with respect to any of the foregoing obligations or securities with any banking or financial institution (which may include the Trustee or any Paying Agent) which has outstanding securities rated by a nationally recognized rating organization in either of the two (2) highest rating categories (without regard to modifiers) for short term securities or in any of the three (3) highest rating categories (without regard to modifiers) for long term securities; (h) securities issued by any regulated investment company (including any investment company for which the Trustee or any Paying Agent is the advisor), as defined in Section 851 of the Internal Revenue Code of 1986, as amended, or any successor section of such Code or successor federal statute, provided that the portfolio of such investment company is limited to obligations or securities of the character and investment quality contemplated in clauses (a) through (f) above and repurchase agreements which are fully collateralized by any of such obligations or securities; and (i) any other obligations or securities which may lawfully be purchased by the Trustee in its capacity as such.

"PURCHASE MONEY LIEN" means, with respect to any property being acquired by the Guarantor, a Lien on such

property which

(a) is taken or retained by the transferor of such property to secure all or part of the purchase price thereof;

(b) is granted to one or more Persons other than the transferor which, by making advances or incurring an obligation, give value to enable the grantor of such Lien to acquire rights in or the use of such property;

(c) is held by a trustee or agent for the benefit of one or more Persons described in clause (a) or (b) above, provided that such Lien may be held, in addition, for the benefit of one or more other Persons which shall have theretofore given, or may thereafter give, value to or for the benefit or account of the grantor of such Lien for one or more other purposes; or

(d) otherwise constitutes a purchase money mortgage or a purchase money security interest under applicable law;

and, without limiting the generality of the foregoing, for purposes of this Guarantee, the term Purchase Money Lien shall be deemed to include any Lien described above whether or not such Lien (x) shall permit the issuance or other incurrence of additional indebtedness secured by such Lien on such property, (y) shall permit the subjection to such Lien of additional property and the issuance or other incurrence of additional indebtedness on the basis thereof and/or (z) shall have been granted prior to the acquisition of such property, shall attach to or otherwise cover property other than the property being acquired and/or shall secure obligations issued prior and/or subsequent to the issuance of the obligations delivered in connection with such acquisition.

IN WITNESS WHEREOF, MINNESOTA POWER, INC. has caused this Guarantee to be executed in its corporate name by the manual or facsimile signature of its Chairman of the Board of Directors or its President or any one of its Vice Presidents and its corporate seal or a facsimile thereof to be impressed or imprinted hereon, and the same to be attested by the manual or facsimile signature of its Secretary or any one of its Assistant Secretaries.

Dated: March 30, 2000

MINNESOTA POWER, INC.

[Corporate Seal]

By _____

Attest:
- _____

PARTICIPATION AGREEMENT

Dated as of March 31, 2000

among

ASSET HOLDINGS III, L.P., as Lessor,

ADESA CORPORATION, as the Lessee,

SUNTRUST BANK, as the Credit Bank

and

CORNERSTONE FUNDING CORPORATION I, as the Issuer

Lease Financing

for ADESA Corporation and Subsidiaries

Auto Auction Facilities

Notice: This Document Contains Proprietary Information. Not to Be Copied
or Disseminated Without the Consent of Richard W. Rubenstein, Squire,
Sanders & Dempsey L.L.P., 41 South High Street,
1300 Huntington Center, Columbus, Ohio 43215
(614) 365-2805, fax (614) 365-2499.

TABLE OF CONTENTS

	Page

SECTION 1 DEFINITIONS; INTERPRETATION.....	2
SECTION 2 ACQUISITION AND LEASE; LETTER OF CREDIT; NATURE OF TRANSACTION.....	2
SECTION 2.1 Agreement to Refinance, Fund Property Costs and Lease.....	2
SECTION 2.2 Funding of Property Costs; Loan and Contribution.....	2
SECTION 2.3 Nature of Transaction.....	4
SECTION 2.4 Amounts Due Under Lease and Reimbursement Agreement.....	4
SECTION 2.5 Controlling Agreements.....	5
SECTION 2.6 Application of Proceeds of Loan and Contribution.....	5
SECTION 2.7 Payments of Rent by the Lessee to the Credit Bank.....	6
SECTION 2.8. The Letter of Credit.....	6
SECTION 2.9. Alternate Letters of Credit.....	7
SECTION 2.10. Annual Fee of the Issuer.....	7
SECTION 3 CONDITIONS PRECEDENT; DOCUMENTS.....	8
SECTION 3.1 Conditions to the Obligations of the Lessor, the Credit Bank and the Issuer on the Closing Date.....	8
SECTION 3.2 Conditions to the Obligations of the Lessee.....	13
SECTION 4 REPRESENTATIONS AND COVENANTS.....	13
SECTION 4.1 Representations of the Lessee.....	13
SECTION 4.2 Representations and Covenants of Lessor.....	17
SECTION 4.3 Covenant of Credit Bank.....	20
SECTION 4.4 Tax Treatment.....	20
SECTION 4.5 Representations and Covenants of Issuer.....	21
SECTION 5 COVENANTS OF THE LESSEE.....	24
SECTION 5.1 Qualification as to Corporate Status.....	24
SECTION 5.2 Further Assurances.....	24
SECTION 5.3 Reporting.....	24
SECTION 5.4 Affirmative Covenants of Lessee.....	26
SECTION 5.5 Financial Covenants.....	26
SECTION 6 TRANSFERS BY LESSOR AND CREDIT BANK.....	27
SECTION 6.1 Lessor Transfers.....	27
SECTION 6.2 Issuer and Credit Bank Transfers.....	27
SECTION 7 INDEMNIFICATION.....	27
SECTION 7.1 General Indemnification.....	27
SECTION 7.2 Environmental Indemnity.....	28
SECTION 7.3 Proceedings in Respect of Claims.....	30

SECTION 7.4	General Tax Indemnity.....	31
SECTION 7.5	[Reserved].....	36
SECTION 7.6	End of Term Indemnity.....	36
SECTION 7.7	Increased Costs, Etc.....	37
SECTION 7.8	Exculpation.....	38
SECTION 7.9	Role of Issuer and Credit Bank.....	38
SECTION 7.10	Issuer's and Credit Bank's Benefits.....	39
SECTION 7.11	Lessor's Benefits.....	39
SECTION 8	MISCELLANEOUS.....	39
SECTION 8.1	Survival of Agreements.....	39
SECTION 8.2	Notices.....	40
SECTION 8.3	Counterparts.....	41
SECTION 8.4	Amendments.....	41
SECTION 8.5	Headings, Etc.....	41
SECTION 8.6	Parties in Interest.....	41
SECTION 8.7	Governing Law.....	41
SECTION 8.8	No Recourse.....	41
SECTION 8.9	Expenses.....	42
SECTION 8.10	Severability.....	42
SECTION 8.11	Submission to Jurisdiction; Waivers.....	42
SECTION 8.12	Reproduction of Documents.....	43
APPENDIX I	Definitions and Interpretation	
APPENDIX II	Form of Funding Requisition	
EXHIBIT A	Form of Lease	
EXHIBIT B	Form of Reimbursement Agreement	
EXHIBIT C	Form of Borrower Promissory Note	
EXHIBIT D	Form of Guaranty	
EXHIBIT E	Form of Letter of Credit	
EXHIBIT F	Form of Remarketing Agreement	
EXHIBIT G-1	Form of Opinion of Counsel to the Lessee and Guarantor	
EXHIBIT G-2	Form of Opinion of Counsel to the Lessor	
EXHIBIT H	Form of Mortgage	
EXHIBIT I	Form of Assignment of Lease and Rents	
EXHIBIT J	Form of Non-Disturbance and Attornment Agreement	
SCHEDULE I	Schedule of Financial Covenants of Lessee	

PARTICIPATION AGREEMENT

THIS PARTICIPATION AGREEMENT (this "Participation Agreement"), dated as of March 31, 2000, is among ASSET HOLDINGS III, L.P., an Ohio limited partnership, as the Lessor, ADESA CORPORATION, an Indiana corporation, as the Lessee, SUNTRUST BANK, a banking corporation duly organized and validly existing under the laws of the State of Georgia, as the Credit Bank, and CORNERSTONE FUNDING CORPORATION I, a Delaware corporation, as the Issuer.

W I T N E S S E T H:

WHEREAS, in accordance with and subject to the terms and provisions of this Participation Agreement, the Lease and the other Operative Documents, at the request of the Lessee, (i) the Lessor has agreed to refinance certain indebtedness encumbering the Properties, (ii) the Lessor has agreed to lease and demise each Property to the Lessee under the Lease, and the Lessee has agreed to rent and hire the Property under the Lease from the Lessor, (iii) the Lessor has reserved and provided for, and the Lessee has agreed to pay, Basic Rent under the Lease in an aggregate amount sufficient to pay the debt service incurred in connection with the refinancing, (iv) the Lessor has issued its Borrower Promissory Note to the Issuer to evidence, and the Issuer has agreed to provide, the Loan in an amount of \$28,373,000 for the payment of Property Costs in connection with the refinancing of certain indebtedness encumbering the Properties, (v) the Issuer has entered into with the Note Trustee that certain Master Trust Indenture, and that certain First Supplemental Series Trust Indenture, both dated as of March 31, 2000 (together, the "Note Indenture"), pursuant to which the Issuer has issued and sold its Series 2000A Notes in the aggregate principal amount of \$28,373,000, the repayment of the Series 2000A Notes to be secured by that certain irrevocable, direct-pay letter of credit No. F502587 (the "Letter of Credit") in the Stated Amount of \$28,904,994 dated April 3, 2000 issued by the Credit Bank, (vi) pursuant to the Reimbursement Agreement, the Credit Bank has agreed to issue the Letter of Credit to the Note Trustee to provide for the payment of required debt service under, and remarketing of, the Notes, and the Lessor, pursuant to the Reimbursement Agreement, has agreed to pay all fees required for the maintenance of the Letter of Credit and to reimburse the Credit Bank for all Drawings made and Letter of Credit Liabilities incurred under the Letter of Credit and the Reimbursement Agreement, and (vii) Lessor has agreed to invest the proceeds of the Contribution obtained from Lessor's own funds in an amount up to \$877,515.46 for the payment of a portion of Property Costs in connection with the refinancing of certain indebtedness encumbering the Leased Property and the payment of Property Costs incurred in connection with the transactions contemplated by the Operative Documents.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Participation Agreement and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1
DEFINITIONS; INTERPRETATION

Unless the context shall otherwise require, capitalized terms used and not defined herein shall have the meanings assigned thereto in Appendix I hereto for all purposes hereof and the rules of interpretation set forth in Appendix I hereto shall apply to this Participation Agreement.

SECTION 2
ACQUISITION AND LEASE; LETTER OF CREDIT;
NATURE OF TRANSACTION

SECTION 2.1 AGREEMENT TO REFINANCE, FUND PROPERTY COSTS AND LEASE. Subject to the terms and conditions of this Participation Agreement, the Transfer Documents, the Lease and the other Operative Documents, on the Closing Date, (i) the Lessor has agreed to reorganize and recapitalize its partnership interests, (ii) the Lessor has agreed to provide funding in the amount of up to \$29,250,515 for the Property Costs associated with the refinancing of certain indebtedness encumbering the Properties pursuant to the Issuer's loan of the proceeds of the sale of the Series 2000A Notes and the Lessor's investment of the Contribution, (iii) the Lessor has agreed to lease and demise each of the Properties to the Lessee under the Lease and the Lessee have agreed to lease and hire the Properties described in the Lease from the Lessor and pay, INTER ALIA the Basic Rent reserved in the Lease.

SECTION 2.2 FUNDING OF PROPERTY COSTS; ISSUANCE OF LETTER OF CREDIT; LOAN AND CONTRIBUTION.

(a) Subject to the terms and conditions of this Participation Agreement, and the terms and conditions of the Note Indenture, the Placement Agreement, the Letter of Credit and the delivery to and receipt by the Note Trustee of the Letter of Credit, the Issuer agrees to issue and sell the Notes and authorize the Note Trustee to authenticate and deliver the Notes to the original purchasers thereof upon receipt of payment of the purchase price thereof pursuant to the Note Indenture.

(b) Subject to the terms and conditions of this Participation Agreement, the Reimbursement Agreement and the other Operative Documents, the Credit Bank has agreed to issue and deliver the Letter of Credit to the Note Trustee for the benefit of the Holders of the Notes to secure the repayment of the Notes according to the terms thereof and the Note Indenture.

(c) Subject to the terms and conditions of this Participation Agreement, and the terms and conditions of the Note Indenture, in consideration of the execution and delivery by the Lessor of the Borrower Promissory Note, the Issuer agrees to make the Loan to the Lessor, in the amount of the net proceeds derived from the sale of the Notes in the sum of up to \$28,373,000, in order to finance the Lessor's payment of Property Costs in that amount. Upon the delivery of the Letter of Credit to the Note Trustee, the authentication of the Notes by the Note Trustee and the delivery of the Notes to the purchasers thereof, the receipt by Note Trustee of the purchase price from the sale of the Notes, and the satisfaction of the conditions set forth in SECTION 3.1, the Lessor hereby directs, and the Lessee hereby requests and authorizes, the Issuer to instruct the Note Trustee

pursuant to the provisions of the Note Indenture, to disburse the proceeds of the sale of the Notes in accordance with the disbursement instructions set forth in the Funding Requisition, such disbursement to constitute the complete funding of the Loan. The Loan shall (i) be a term loan in the principal amount of up to \$28,373,000, (ii) be evidenced by the Borrower Promissory Note, (iii) bear interest from the Closing Date in the amount provided in the Borrower Promissory Note, such interest to be payable on each Interest Payment Date, (iv) be repayable as to principal as provided in the Borrower Promissory Note and in no event later than on the Scheduled Termination Date, and (v) be subject to such other terms and conditions as are set forth in the Borrower Promissory Note. Under the Lease, the Lessee has agreed to pay the Credit Rent to the Credit Bank on each Rent Payment Date, the proceeds of which, subject to the provisions of the Operative Documents, are intended to reimburse the Credit Bank for the amount of all Drawings and other Letter of Credit Obligations incurred by the Lessor under the Reimbursement Agreement.

(d) Upon the satisfaction of the conditions set forth in SECTION 3.1, and concurrent with the disbursement of the proceeds of the Loan, the Lessor agrees to invest and apply the proceeds of the Contribution in the sum of up to \$877,515.46 to pay Property Costs in that amount, in accordance with the disbursement instructions set forth in the Funding Requisition. The Contribution shall (i) be in the aggregate amount of \$877,515.46, (ii) be due and repayable by the Lessee in full (subject to the provisions of SECTION 15.6 of the Lease) on the Lease Termination Date and in any event not later than the Scheduled Termination Date, (iii) bear a pre-tax cumulative annual return equal to the amount of the Contribution Return, which shall be payable in arrears by the Lessee on each Rent Payment Date, and (iv) be subject to such other terms and conditions as set forth therein. Under the Lease, the Lessee has agreed to pay the Facility Rent to the Credit Bank, for the account of the Lessor, on each Rent Payment Date the proceeds of which, subject to the provisions of the Operative Documents, are intended to pay the Contribution Return then accrued and remaining unpaid. The Contribution shall be disbursed by the Lessor and applied according to the instructions set forth in the Funding Requisition.

(e) At the Closing, the Lessee shall prepare and deliver the Funding Requisition substantially in the form set forth in Appendix II hereof, and shall cause to be listed therein the names, addresses, taxpayer identification information and, where applicable, wiring instructions of each person to whom Property Costs are payable, and the amount so payable to such person, and shall attach thereto the invoice, closing statement or other evidence of the amounts due. Not more than ten percent (10%) of the total amount of the Property Costs may be delivered to the Lessee as agent of the Lessor for the subsequent disbursement of Property Costs not payable or required to be paid at Closing, and the Lessee shall hold all monies delivered to it for such purpose as a trust fund to be applied only to the payment of Property Costs and for no other purpose. The Lessee shall deliver a written report signed by a Responsible Officer setting forth an account of the application of such monies on each Rent Payment Date following the Closing until all such monies have been disbursed in full. Any surplus of such monies not required for the payment of Property Costs may be applied by the Lessee to pay installments of Basic Rent on any Rent Payment Date. The Funding Requisition shall be addressed to the Lessor, the Credit Bank and the Issuer, and the delivery of the Funding Requisition shall constitute the representation and warranty by the Lessee to the Lessor, the Issuer and the Credit Bank that all the conditions precedent to the Closing have been satisfied, including but not limited to those contained in SECTION 3.1 hereof.

SECTION 2.3 NATURE OF TRANSACTION. It is the intent of the parties hereto that: (a) for financial accounting purposes the Lease constitutes an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended; (b) for purposes of commercial, real estate, bankruptcy and federal, state and local income tax law, the transactions contemplated by the Lease are financing arrangements and shall be treated as the repayment and security provisions of a loan by the Lessor to the Lessee, and that all payments of Basic Rent during the Lease Term shall be treated as payments of interest and all payments of Lease Balance (except to the extent constituting accrued Contribution Return) shall be treated as payments of principal, as the case may be, in respect of such loan; (c) if a bankruptcy court or other court of competent jurisdiction shall at any time determine that the transactions represented by the Lease and the other Operative Documents do not constitute true leasing transactions, then in any such event, the Lease shall be treated as a deed of trust and security agreement, mortgage and security agreement or other similar instrument granting a lien and security interest, with a power of sale from the Lessee, as mortgagor, to Lessor for the benefit of the Issuer and the Credit Bank, as the case may be, as mortgagee, encumbering the related Property, to secure the Lessee's performance under and payment of all amounts at any time due or payable under the Lease and the other Operative Documents, and the payment by the Lessee of Basic Rent shall be treated as payments of interest and the payment by the Lessee of any amounts in respect of the Lease Balance (except to the extent constituting accrued Contribution Return) shall be treated as repayments of principal (all such payments being obligatory and to the fullest extent permitted by law, shall have priority over any and all mechanics' liens and other liens and encumbrances arising after each Memorandum of Lease is recorded; PROVIDED, HOWEVER, that the maximum amount of unpaid indebtedness secured by the Lease, exclusive of interest and the Contribution Return, which may be outstanding at any time shall be \$29,250,515), and (d) each Mortgage and the Assignment of Lease and Rents shall and hereby do create a lien and security interest in the Collateral (as defined in each Mortgage) and the Lease, subject to the Excluded Rights and to exceptions, if any, set forth in each such Mortgage. Notwithstanding the foregoing and the provisions of SECTION 4.4 and SECTION 7.4 hereof, each party hereto acknowledges and agrees that none of the Lessee, the Issuer, the Lessor, the Placement Agent, the Credit Bank nor any other Person has made any representations or warranties to such party concerning the tax, financial, accounting or legal characteristics or treatment of the Operative Documents and that each party has obtained and relied solely upon the advice of its own tax, accounting and legal advisors concerning the Operative Documents and the accounting, tax, financial and legal consequences of the transactions contemplated therein.

SECTION 2.4 AMOUNTS DUE UNDER LEASE AND REIMBURSEMENT AGREEMENT. Anything else herein, in the Reimbursement Agreement, Borrower Promissory Note or elsewhere to the contrary notwithstanding, it is the intention of the Lessee and the Lessor that (i) the Lessee shall be obligated, pursuant to the terms of the Lease, to pay installments of Basic Rent then due on each Rent Payment Date, and the amount and timing of such installments of Basic Rent due and payable on each Rent Payment Date from the Lessee under the Lease shall be equal to the amount of the respective payments due and payable by the Lessor on the immediately following Interest Payment Date with respect to the reimbursement of Drawings and payment of Letter of Credit Liabilities under the Reimbursement Agreement, and, to the extent not paid from proceeds of such Drawings, principal and interest on the Borrower Promissory Note, and the Contribution Return payable to the Lessor on account of the Contribution, (ii) if the Lessee elects to exercise the Purchase Option, or becomes obligated to purchase the Property demised under the Lease, the sum of the following amounts

(without duplication) shall be paid in full by Lessee on the Lease Termination Date: (A) the amount of all unreimbursed Drawings, unpaid Letter of Credit Liabilities, and other amounts due and payable under the Reimbursement Agreement, plus (B) to the extent not paid from proceeds of Drawings, the principal amount of the Borrower Promissory Note then outstanding and all interest and premium, if any, accrued thereon, plus (C) the outstanding Contribution and all accrued and unpaid Contribution Return through the date of payment, plus (D) all other obligations of the Lessee owing to the Lessor under the Operative Documents, and (iii) upon an Event of Default resulting in an acceleration of the Lessee's obligations to purchase the Leased Property under the Lease, the amounts then due and payable by the Lessee under the Lease shall include the sum of the following amounts (without duplication): (A) the amount of all unreimbursed Drawings, unpaid Letter of Credit Liabilities, and other amounts due and payable under the Reimbursement Agreement, plus (B) to the extent not paid from the proceeds of Drawings, all amounts necessary to pay in full the unpaid principal and all interest and premium, if any, due and payable on the Borrower Promissory Note, plus (C) the outstanding Contribution and all accrued and unpaid Contribution Return through the date of payment, plus (D) all other obligations of the Lessee owing to the Lessor under the Operative Documents; PROVIDED, HOWEVER, that (iv) in the event the Lessee effectively exercises the Remarketing Option pursuant to the provisions of SECTION 15.6 of the Lease and duly and timely fulfill the provisions of clauses (i) through (xiii) of SECTION 15.6 of the Lease, Lessee's obligations shall be limited as provided in SECTION 15.6 of the Lease; PROVIDED FURTHER, HOWEVER, that (A) payment of the Lease Balance in connection with the clauses (ii) and (iii) above, shall satisfy any remaining obligation for the payment of Basic Rent and (B) in the event of a Credit Event of Default which is not related to the occurrence of a Default or an Event of Default, the outstanding balance of all Letter of Credit Liabilities becomes (automatically or as a result of the Credit Bank's exercise of its remedies under SECTION 6.02 of the Reimbursement Agreement) immediately due and payable and no Default or Event of Default has occurred and is then continuing, the Lessee shall not be responsible for the payment of (and such amounts shall not be deemed to be Basic Rent or Supplemental Rent or included in the Lease Balance for any purpose) the following costs and charges which may become payable as a result of the Credit Event of Default: (i) any additional interest payable as a result of the application of the Overdue Rate pursuant to the provisions of SECTION 2.03(g) of the Reimbursement Agreement, or (ii) any other costs and expenses of the Credit Bank incurred by the Credit Bank in the collection or enforcement of the obligations of the Lessor under the Reimbursement Agreement. The foregoing notwithstanding, the parties hereto acknowledge and agree that the obligations of the Lessor and its partners and Affiliates (including their respective organizers, incorporators, members, stockholders, managers, directors, officers, employees and agents) hereunder, under the Borrower Promissory Note, the Lease and the other Operative Documents are non-recourse as provided in SECTION 6.10 of the Reimbursement Agreement, the provisions of the Borrower Promissory Note and SECTION 18.12 of the Lease.

SECTION 2.5 CONTROLLING AGREEMENTS. In the event of any conflict between this Participation Agreement and any other Operative Document, this Participation Agreement shall control. In the event of any conflict between the Lease and any other Operative Document to which the Lessee is not a party, the Lease shall control.

SECTION 2.6 APPLICATION OF PROCEEDS OF LOAN AND CONTRIBUTION. The parties hereto agree that the proceeds of the Loan and the Contribution shall be used for the payment (or the reimbursement of the Lessee for the payment) of any or all of the following items (collectively,

"PROPERTY COSTS"): (i) costs of acquisition of the Land and Improvements or any part thereof, including, without limitation, all costs reasonably related thereto, including the Letter of Credit Fees, any municipal sewer or utility contract, any permit or consent for or from any Governmental Authority or other Person, (ii) the aggregate amount of principal, interest and premium, if any, necessary to pay any indebtedness of the Lessor at any time incurred in connection with the acquisition of the Leased Property and (iii) "soft costs" related to any of the foregoing, including architect's fees, brokerage fees, engineering fees, consulting and development fees, permit and license fees and charges, travel and related expenses, testing, survey costs, filing and recording fees, charges, taxes and other impositions of any governmental authority having jurisdiction, title charges and attorneys' fees and other related costs and expenses properly attributable to any of the foregoing Property Costs. The Lessee covenants not to use any of the proceeds of the Loan, the Contribution or Drawings under the Letter of Credit to pay, or reimburse itself for paying, for trade fixtures, personal property or equipment which does not constitute part of the Improvements, or for working capital.

SECTION 2.7 PAYMENTS OF RENT BY THE LESSEE TO THE CREDIT BANK. The Lessor hereby instructs the Lessee, and the Lessee hereby acknowledges and agrees, that until such time as all Letter of Credit Liabilities are satisfied, the Borrower Promissory Note and the Contribution and all unpaid Contribution Return have been repaid in full and the Liens evidenced by the Operative Documents have been released, (i) any and all Rent (excluding payments with respect to the Excluded Rights, which shall be payable to each recipient as appropriate) and any and all other amounts of any kind or type under any of the Operative Documents due and owing or payable to the Lessor shall instead be paid directly to the Credit Bank (excluding payments with respect to the Excluded Rights, which shall be payable to each recipient as appropriate) or to such other Person as the Credit Bank may direct from time to time for allocation and distribution in accordance with the procedures set forth herein; PROVIDED THAT so long as no Event of Default shall have occurred and remain uncured, the Lessee shall cause all notices, certificates, financial statements, communications and other information which shall be delivered, or required to be delivered, to the Lessor, to also be delivered at the same time to the Credit Bank.

SECTION 2.8. THE LETTER OF CREDIT. Subject to the terms and conditions of this Participation Agreement and of the Reimbursement Agreement:

(a) ISSUANCE. The Credit Bank agrees, at the time of the Closing, to issue and deliver the Letter of Credit in the Stated Amount to the Note Trustee as security for the payment of the Notes and for the benefit of the Holders of the Notes under the Note Indenture.

(b) TRANSFER. The Letter of Credit may be transferred to a successor or substitute Note Trustee in accordance with the provisions set forth in the Letter of Credit.

(c) STATED AMOUNT. The Stated Amount shall be reduced and reinstated in accordance with the provisions of the Letter of Credit.

(d) EXPIRATION. The Letter of Credit will, by its terms, expire on the earliest of (i) the making by the Note Trustee of the final drawing available to be made thereunder, (ii) the Credit Bank's receipt of a written notice from the Note Trustee and the Issuer stating that no Notes

are Outstanding within the meaning of the Note Indenture, (iii) the fifth Business Day after the Note Trustee is required to surrender the Letter of Credit to the Credit Bank for cancellation following the Note Trustee's acceptance of an Alternate Letter of Credit in accordance with the terms and conditions of the Note Indenture or (iv) the Expiration Date of the Letter of Credit, which is the later to occur of (a) April 15, 2005, or (b) a day not earlier than one year following the then current Expiration Date, but in no event later than April 15, 2020 (provided, that if the Expiration Date is not a Business Day, the Letter of Credit will terminate on the first Business Day thereafter). On any Business Day prior to March 1, 2005, the Credit Bank, in its sole discretion, may elect to extend the Expiration Date. If the Expiration Date is so extended, then on any Business Day which is at least 45 days prior to the then current Expiration Date, the Credit Bank, in its sole discretion, may elect to extend the then current Expiration Date. The Expiration Date shall not be extended beyond April 15, 2020.

SECTION 2.9. ALTERNATE LETTERS OF CREDIT. At any time on at least 60 days prior written notice to the Issuer, the Lessee may request that the Issuer provide for delivery of an Alternate Letter of Credit to the Note Trustee in replacement of the then existing Letter of Credit pursuant to the Issuer's rights under SECTION 8.05 of the Note Indenture. Any such Alternate Letter of Credit shall be issued by a bank, a trust company or other financial institution, shall have administrative terms acceptable to the Note Trustee and shall in all respects material to the Holders of the Notes be the same (except for the expiration date thereof, which shall not be earlier than the expiration date of the Letter of Credit to be replaced). In connection with any such request, the Lessee, at its expense, shall identify the replacement credit bank which will provide the Alternate Letter of Credit, and make such arrangements with the replacement credit bank, with the Rating Services then maintaining a rating with respect to the Notes, and with such other Persons as shall be necessary in order to satisfy, and enable the Issuer and the Note Trustee to satisfy, each of the conditions set forth in SECTION 8.05 of the Note Indenture applicable to the replacement of the Letter of Credit with an Alternate Letter of Credit. Upon satisfaction of such conditions, or providing for such satisfaction on terms acceptable to the Issuer in its sole discretion, and the payment of all of the reasonable expenses, including the reasonable expenses and fees of legal counsel to the various parties involved in the transaction, the Issuer shall exercise its rights and powers under the provisions of Section 8.05 of the Note Indenture to effect the replacement of the Letter of Credit with the Alternate Letter of Credit proposed by the Lessee. In the event that any amendments to the provisions of the Lease, the Participation Agreement the Reimbursement Agreement or any of the other Operative Documents, or any replacements or supplements thereto, are requested by the Lessee or the replacement credit bank in connection with the issuance and delivery of the Alternate Letter of Credit, the Lessor and the Issuer shall cooperate in good faith in the consideration, preparation and execution of any such amendments, replacements or supplements provided that all of their reasonable costs and expenses related thereto are paid in full by the Lessee, the duties and obligations of the Issuer or the Lessor are not materially increased thereunder or thereby and the rights and privileges of the Issuer and the Lessor shall not be materially diminished thereunder or thereby.

SECTION 2.10. ANNUAL FEE OF THE ISSUER. In consideration of the administrative services to be performed by Issuer pursuant to the Operative Documents, the Lessee shall pay, as Supplemental Rent under the Lease, the Issuer's annual fee for its services in connection with the Notes and the Note Indenture at the rate of 0.025% of the par amount of the Notes Outstanding from time to time, such fee to be paid in monthly installments in arrears on each Interest Payment Date in the amount

of one-twelfth (1/12th) of the weighted average principal amount of the Notes outstanding during the previous month multiplied by 0.025%. To the extent that the Issuer's annual fee hereunder is paid from the Program Expense Fund of the Note Indenture, the obligation of the Lessee to pay such amount as Supplemental Rent shall be deemed satisfied.

SECTION 3
CONDITIONS PRECEDENT; DOCUMENTS

SECTION 3.1 CONDITIONS TO THE OBLIGATIONS OF THE LESSOR, THE CREDIT BANK AND THE ISSUER ON THE CLOSING DATE. The obligations of the Lessor, the Credit Bank and the Issuer to carry out their respective obligations under SECTION 2 of this Participation Agreement shall be subject to the fulfillment to the satisfaction of, or waiver by, each such party (acting directly or through its counsel) on or prior to the Closing Date of the following conditions precedent:

(a) DOCUMENTS. The following documents shall have been executed and delivered by the respective parties thereto:

(i) PARTICIPATION AGREEMENT.

Counterparts of this Participation Agreement, duly executed by the parties hereto, shall have been delivered to each of the parties hereto.

(ii) LEASE. The Original Executed Counterparts of the Lease (substantially in the form of EXHIBIT A), duly executed by the Lessee and the Lessor, shall have been delivered to the Credit Bank and additional counterparts thereof shall have been delivered to the Lessor and the Issuer.

(iii) REIMBURSEMENT AGREEMENT.

Counterparts of the Reimbursement Agreement (substantially in the form of EXHIBIT B), duly executed by the Lessor and the Credit Bank, shall have been delivered to each of the Lessor and the Credit Bank.

(iv) BORROWER PROMISSORY NOTE. The Borrower Promissory Note (substantially in the form attached hereto as EXHIBIT C) payable to the order of the Issuer, duly executed by the Lessor, shall have been delivered to the Issuer.

(v) GUARANTY. The Guaranty (substantially in the form of EXHIBIT D), duly executed by the Guarantor, shall have been delivered to the Credit Bank.

(vi) LETTER OF CREDIT. The Letter of Credit (substantially in the form of EXHIBIT E) shall have been delivered to the Note Trustee.

(vii) [reserved].

(viii) NOTE INDENTURE. The Note Indenture, including the Trust Indenture and the First Supplemental Series Trust Indenture, shall have been executed by the Issuer and the Note Trustee and counterparts thereof shall have been delivered to the parties hereto.

(ix) PLACEMENT AGREEMENT. The Placement Agreement shall have been executed by the Issuer and the Placement Agent and counterparts thereof shall have been delivered to the Placement Agent and the parties hereto.

(x) REMARKETING AGREEMENT. The Remarketing Agreement (substantially in the form of EXHIBIT G) shall have been executed by the Issuer and the Remarketing Agent, and counterparts thereof shall have been delivered to the Remarketing Agent and the parties hereto.

(xi) RESOLUTIONS AND INCUMBENCY CERTIFICATES, ETC. (a) Each of the Issuer and the Lessor shall have received a certificate of the Secretary or an Assistant Secretary of the Lessee and the Guarantor attaching and certifying as to each: (1) the resolution of its Board of Directors (or an appropriate committee of such Board) duly authorizing the execution, delivery and performance by it under and of each Operative Document to which it is or will be a party, (2) the incumbency and signatures of Persons authorized to execute and deliver Operative Documents on its behalf, (3) its articles of incorporation, certified as of a recent date by the appropriate officer of its state of incorporation and (4) its by-laws, code of regulations or other similar charter and governing documents.

(xii) OPINION OF COUNSEL TO THE LESSEE. The opinion of counsel to the Lessee dated the Closing Date, and being substantially in the form set forth in Exhibit H-1, shall have been delivered and addressed to each of the Lessor, the Credit Bank and the Issuer.

(xiii) OPINION OF COUNSEL TO THE GUARANTOR. The opinion of counsel to the Guarantor dated the Closing Date, and being substantially in the form set forth in EXHIBIT H-1, shall have been delivered and addressed to each of the Lessor, the Credit Bank and the Issuer.

(xiv) LESSOR'S RESOLUTION AND INCUMBENCY CERTIFICATE. The Credit Bank shall have received a certificate of the general partner of the Lessor attaching and certifying as to (1) the general partner's resolution authorizing the execution, delivery and performance by it of each Operative Document to which the Lessor is or will be a party and (2) the incumbency and signatures of Person(s) authorized to execute and deliver Operative Documents on the Lessor's behalf .

(xv) OPINION OF LESSOR'S COUNSEL. The opinion of counsel to the Lessor dated the Closing Date, and being substantially in the form set forth in EXHIBIT H-2 shall have been delivered and addressed to each of the Lessee, the Credit Bank and the Issuer.

(xvi) FEES OF THE FINANCIAL ADVISOR. On or prior to the Closing Date, the Lessee shall have paid all fees of the Financial Advisor in connection with the transactions contemplated hereunder.

(b) REAL ESTATE DOCUMENTS. The following documents shall have been executed and delivered by the respective parties thereto with respect to each Property ("Parcel Closing Conditions"):

(i) [omitted]

(ii) MEMORANDUM OF LEASE. A Memorandum of Lease with respect to the applicable Property, duly executed by the Lessee and the Lessor in recordable form, shall have been delivered to the Lessor.

(iii) MORTGAGES. Counterparts of the Mortgage (substantially in the form of EXHIBIT I) with respect to the applicable Property, duly executed by the Lessee and the Lessor and in recordable form, shall have been delivered to the Credit Bank.

(iv) ASSIGNMENT OF LEASE AND RENTS. Counterparts of the Assignment of Lease and Rents (substantially in the form of EXHIBIT J), duly executed by the Lessor, consented to by the Lessee, shall have been delivered to the Credit Bank.

(v) NON-DISTURBANCE AND ATTORNMENT AGREEMENT. Counterparts of the Non-Disturbance and Attornment Agreement (substantially in the form of EXHIBIT K) duly executed by the Lessee, the Lessor and the Credit Bank and in recordable form shall have been delivered to the Credit Bank, the Lessor and the Lessee.

(vi) TITLE AND TITLE INSURANCE. The Lessor and the Credit Bank shall receive from the Title Insurance Company, a ALTA form of Owner's Policy with respect to the applicable Property, in the amount of the total Property Costs (an "Lessor's Title Policy") and an ALTA form of Loan Policy of title insurance in the amount of 97% of such Property's Pro Rata Fraction of the total Property Costs (a "Credit Bank's Title Policy"), each issued by the Title Insurance Company, each acceptable in form and substance to Lessor and the Credit Bank (the Lessor's Title Policies and the Credit Bank's Title Policies being called collectively the "Title Policies"). Each of the Title Policies (A) shall be dated as of the Closing Date, (B) to the extent permitted under Applicable Law, shall include coverage over the general exceptions to such Title Policy and shall contain a so-called "Fairway" endorsement and such other affirmative endorsements as to easements and rights-of-way, encroachments, the nonviolation of covenants and restrictions, survey matters and other matters as the Credit Bank and the Lessor shall reasonably request and (C) shall not contain a "pending disbursements" exception.

(vii) SURVEY. The Lessee shall have delivered, or shall have caused to be delivered, to the Lessor and the Credit Bank, at the Lessee's expense, an accurate survey of the Property certified to the Lessor, the Credit Bank and the Title Insurance Company conforming in all material respects to ALTA-ACSM minimum detail standards (including Table A items 1, 2, 3, 4, 7, 8, 9, 10, 11 and 13) and otherwise satisfactory to the Lessor and the Credit Bank and showing no state of facts unsatisfactory to the Lessor or the Credit Bank and prepared within sixty (60) days of the Closing Date by a licensed surveyor selected by Lessee and reasonably satisfactory to the Credit Bank. Such survey shall (i) be acceptable to the Title Insurance Company, (ii) show no encroachments on the Parcel by structures owned by others, no encroachments from any part of the Land onto any land owned by others, and no encroachments onto easements, except for such encroachments which, in the judgment of the Credit Bank and its counsel, do not impair in any material respect the value of the Property or the suitability of the Property for its intended use, and (iii) disclose no state of facts objectionable to the Lessor, the Credit Bank or the Title Insurance Company.

(viii) INGRESS AND EGRESS; SERVICES. The Lessor and the Credit Bank shall have received satisfactory evidence (including source and method) that: there is adequate ingress and egress to the related Parcel for its intended use; public water service available or an adequate water supply available for the proposed development; public storm and sanitary sewer service is available; fire protection is available; necessary arrangements have been made for connection and delivery of each of the foregoing and electric power, gas and telephone service to the Property; the Lessee has the right to connect to and use all utility services without restriction; and all necessary easements to provide such services to the Improvements on the Parcel have been obtained.

(ix) EVIDENCE OF INSURANCE. The Lessor and the Credit Bank have received from the Lessee certificates of insurance on form ACORD 27 evidencing compliance with the provisions of ARTICLE IX of the Lease (including the naming of the Lessor and the Issuer as additional insureds or loss payees with respect to such insurance), in form and substance reasonably satisfactory to the Credit Bank.

(x) RECORDING FEES; TRANSFER TAXES. To the extent not covered by the Credit Bank's Title Policy, the Credit Bank shall have received satisfactory evidence of the payment by the Lessee of all recording and filing fees and taxes with respect to any recordings or filings made of the Memorandum of Lease, the Mortgage, the Assignment of Lease and Rents and the Non-Disturbance and Attornment Agreement for each Property.

(xii) ENVIRONMENTAL AUDIT. The Credit Bank and the Lessor shall have received and approved an Environmental Audit with respect to the Property.

(xiii) [Reserved]

(xiv) ZONING. Evidence of compliance with applicable zoning ordinances or similar land use restrictions with respect to the Parcel.

(xv) GOVERNMENTAL AUTHORIZATIONS. All authorizations, if any, required by any governmental authority for the current use and operation of the Property, which are presently procurable.

(xvi) APPRAISAL. An appraisal report for the Property, which appraisal report shall be prepared by an independent appraising firm, and be in form and substance, acceptable to the Credit Bank in its sole and absolute discretion, whether in relation to all applicable regulatory requirements imposed by The Financial Institutions Reform, Recovery and Enforcement Act of 1989 and the regulations thereunder, or otherwise, shall have been delivered to the Issuer. Such appraisal shall state the Fair Market Sales Value of the Property, which amount shall be approved by the Credit Bank. The cost of such appraisal shall be borne solely by the Lessee.

(c) LITIGATION. No action or proceeding shall have been instituted or, to the Lessee's knowledge, threatened nor shall any governmental action, suit, proceeding or investigation be instituted or, to the Lessee's knowledge, threatened before any Governmental Authority, nor shall any order, judgment or decree have been issued or proposed to be issued by any Governmental Authority, to set aside, restrain, enjoin or prevent the performance of this Participation Agreement or any of the other Operative Documents or any transaction contemplated hereby or thereby or which would materially adversely affect the Leased Property or any transaction contemplated by the Operative Documents or which would result in a Material Adverse Effect.

(d) LEGALITY. In the opinion of the Credit Bank, the Lessor, the Issuer or their respective counsel, the transactions contemplated by the Operative Documents shall not violate any Applicable Law, and no change shall have occurred or been proposed in Applicable Law that would make it illegal for the Credit Bank, Issuer or the Lessor to participate in any of the transactions contemplated by the Operative Documents.

(e) NO EVENTS. (i) No Default, Event of Default, Event of Loss or Event of Taking shall have occurred and be continuing and (ii) no action shall be pending or, to the Lessee's knowledge, threatened by a Governmental Authority to initiate a Condemnation or an Event of Taking.

(f) REPRESENTATIONS. Each representation and warranty of the parties hereto or to any other Operative Document contained herein or in any other Operative Document shall be true and correct in all material respects as though made on and as of the Closing Date.

(g) NO MATERIAL ADVERSE EFFECT. There shall not have occurred any event having a Material Adverse Effect with respect to the Lessee and its Subsidiaries, taken as a whole, since December 31, 1999.

(h) FEES AND TRANSACTION EXPENSES. The Lessee shall have paid, or caused to be paid, the reasonable fees and expenses of the Lessor, the Credit Bank, the Issuer, the Note Trustee and their respective counsel.

SECTION 3.2 CONDITIONS TO THE OBLIGATIONS OF THE LESSEE. The obligations of the Lessee hereunder are subject to the fulfillment on the Closing Date to the satisfaction of, or waiver by, the Lessee of all conditions set forth in this SECTION 3 that require fulfillment by the Lessor, the Issuer and the Credit Bank.

SECTION 4
REPRESENTATIONS AND COVENANTS

SECTION 4.1 REPRESENTATIONS OF THE LESSEE. Effective as of the date of execution hereof, and as of the Closing Date, the Lessee represents and warrants to each of the other parties hereto as follows:

(a) ORGANIZATION; CORPORATE POWERS. It (i) is a corporation duly organized, validly existing under the laws of the State of Indiana, for which the most recent required biennial report has been filed with the office of the Secretary of State of Indiana, and no articles of dissolution have been filed in such office, (ii) is duly qualified as a foreign corporation and in good standing under the laws of each jurisdiction where the failure to be duly qualified and in good standing would have a Material Adverse Effect and (iii) has all requisite corporate power and authority to own, operate and encumber its property and assets and to conduct its business as presently conducted and as proposed to be conducted in connection with and following the consummation of the transactions contemplated by the Operative Documents.

(b) AUTHORITY. It has the requisite corporate power and authority to execute, deliver and perform the Operative Documents executed or to be executed by it; and the execution, delivery and performance (or recording or filing, as the case may be) of the Operative Documents, and the consummation of the transactions contemplated on its part thereby, have been duly approved by its Board of Directors and no other corporate proceedings on its part are necessary to consummate the transactions so contemplated.

(c) DUE EXECUTION AND DELIVERY OF OPERATIVE DOCUMENTS. The Operative Documents executed by it have been duly executed and delivered (or recorded or filed, as the case may be) by it, and, in each case, constitute its legal, valid and binding obligation, enforceable against it in accordance with the respective terms of each such Operative Document, except as enforcement may be limited by bankruptcy, insolvency, reorganization, moratorium or other laws relating to or limiting creditors' rights generally or by equitable principles generally.

(d) NO CONFLICT. The execution, delivery and performance by it of each Operative Document to which it is a party and of each of the transactions contemplated thereby do not and will not (i) violate any Applicable Law or Contractual Obligation binding on it the

consequences of which violation, singly or in the aggregate, would have a Material Adverse Effect, (ii) result in or require the creation or imposition of any Lien whatsoever on the Leased Property (other than Permitted Liens) or (iii) require any approval of stockholders which has not been obtained.

(e) GOVERNMENTAL CONSENTS. Except as have been made, obtained or given, no filing or registration with, consent or approval of, notice to, with or by any Governmental Authority is required to authorize, or is required in connection with, the execution, delivery and performance by the Lessee of the Operative Documents, the use of the proceeds of the Loan made to effect the acquisition of the interest in the Land and the use of the Improvements, or the legality, validity, binding effect or enforceability of any Operative Document.

(f) GOVERNMENTAL REGULATION. It is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(g) REQUIREMENTS OF LAW. It is in compliance with all Requirements of Law applicable to it and its business, in each case where the failure to so comply would have a Material Adverse Effect, either individually or together with other such cases.

(h) RIGHTS IN RESPECT OF THE LEASED PROPERTY. It is not a party to any contract or agreement to sell any interest in the Leased Property or any part thereof other than pursuant to the Participation Agreement and the Lease.

(i) HAZARDOUS MATERIALS.

(i) Except as provided in each Environmental Site Assessment received and approved by Issuer pursuant to SECTION 3.1(b)(xii) hereof, and except as in full compliance with all Applicable Law, there are no Hazardous Materials present at, upon, under or within the Leased Property or released or transported to or from the Leased Property.

(ii) No Governmental Actions have been taken, or are in process or have been threatened, which could reasonably be expected to subject the Leased Property, the Issuer or the Lessor to any Claims or Liens under any Environmental Law.

(iii) It has or will obtain all Environmental Permits necessary to operate the Leased Property in accordance with Environmental Laws and is complying with and has at all times complied with all such Environmental Permits.

(iv) With respect to the Leased Property, no notice, notification, demand, request for information, citations, summons, complaint or order has been issued or filed to or with respect to it, and no penalty has been assessed on it and no investigation or review is pending or threatened by any Governmental Authority or other Person with respect to any alleged violation or liability of it under any Environmental Law. No material notice, notification, demand, request for information, citation, summons, complaint or order has been issued or filed to or with respect to any other Person, no material penalty has been assessed on any other Person and no investigation or

review is pending or threatened by any Governmental Authority or other Person relating to the Leased Property with respect to any alleged material violation or liability under any Environmental Law by any other Person.

(v) The Leased Property and each portion thereof are presently in compliance with all Environmental Laws, and, there are no present or past facts, circumstances, activities, events, conditions or occurrences regarding the Leased Property (including, without limitation, the release or presence of Hazardous Materials) that could reasonably be anticipated to (A) form the basis of a Claim against the Leased Property, the Issuer, the Lessor or the Lessee, (B) cause the Leased Property to be subject to any restrictions on ownership, occupancy, use or transferability under any Environmental Law, (C) require the filing or recording of any notice or restriction relating to the presence of Hazardous Materials in the real estate records in the county or other appropriate municipality in which the Leased Property is located or (D) prevent or interfere with the continued operation and maintenance of the Leased Property as contemplated by the Operative Documents.

(j) LEASED PROPERTY. The present condition and use of the Leased Property conforms in all material respects with all conditions or requirements of all existing permits and approvals issued with respect to the Leased Property, and the present use of the Leased Property and its future intended use of the Leased Property under the Lease does not violate any Applicable Law. No notices, complaints or orders of violation or non-compliance have been issued or threatened or contemplated by any Governmental Authority with respect to the Leased Property or any present or intended future use thereof. All agreements, easements and other rights, public or private, which are necessary to permit the lawful use and operation of the Leased Property as it intends to use the Leased Property under the Lease and which are necessary to permit the lawful intended use and operation of all presently intended utilities, driveways, roads and other means of egress and ingress to and from the same have been, (or in the reasonable judgment of the Lessee will be) obtained and are or will be in full force and effect and it has no actual knowledge of any pending modification or cancellation of any of the same.

(k) TAXES. It and its Affiliates have filed all tax returns that are required to have been filed in any jurisdiction, and have paid all taxes shown to be due and payable on such returns and all other taxes and assessments levied upon them or their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent, except for any taxes and assessments (i) the amount of which is not individually or in the aggregate Material or (ii) the amount, applicability or validity of which is currently being contested in good faith by appropriate proceedings, and as to which there is no imminent threat of forfeiture, and with respect to which the Lessee or a Subsidiary, as the case may be, has established adequate reserves in accordance with GAAP; it knows of no basis for any other tax or assessment that could reasonably be expected to have a Material Adverse Effect; and the charges, accruals and reserves on the books of the Lessee and its Subsidiaries in respect of Federal, state or other taxes for all fiscal periods are adequate.

(l) USE OF PROCEEDS; MARGIN REGULATIONS. It will apply the proceeds of the Loan and the Contribution as set forth in SECTIONS 2.2(c) and 2.6 hereof; no part of the proceeds from the Loan or the Contribution will be used, directly or indirectly by it, for the purpose of buying or

carrying any margin stock within the meaning of Regulation G of the Board of Governors of the Federal Reserve System (12 CFR 207), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve it in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220).

(m) ERISA. It has not incurred any material accumulated funding deficiency as defined in ERISA and the regulations promulgated thereunder and no Reportable Event has occurred with respect to any Pension Plan involving it; neither has the Pension Benefit Guaranty Corporation asserted that it has incurred any material liability in connection with any such pension plan nor has any lien attached nor any Person threatened to attach a lien on any of its property as a result of the failure of it or any of its Affiliates to comply with ERISA or regulations promulgated thereunder.

(n) SOLVENCY. The transactions contemplated by this Participation Agreement and the other Operative Documents have not been entered into by it in contemplation of its insolvency nor have such transactions been entered into with the intent to hinder, delay or defraud its equity holders or its creditors.

(o) DISCLOSURE. Neither this Participation Agreement nor any of the other Operative Documents, nor any certificate or other document furnished to any other party hereto by it or on its behalf pursuant to any Operative Document contains, or will contain, as of its date, any untrue statement of a material fact or omits to state or will omit to state, as of its date, a material fact necessary in order to make the statements contained herein and therein not misleading. There are no facts known to it which, individually or in the aggregate, materially adversely affect, or could reasonably be expected to materially adversely affect, the condition, business or affairs of the Lessee and its Subsidiaries or their respective properties and assets, taken as a whole, which have not been disclosed herein or in written materials delivered to any other party hereto in connection with the negotiation of the Operative Documents.

(p) TITLE TO COLLATERAL. It owns good and marketable title to all collateral pledged as security for its obligations in connection with the transactions contemplated by this Participation Agreement and the other Operative Documents free and clear of all liens and encumbrances, except as disclosed in writing to the Credit Bank, the Lessor and the Issuer.

(q) OTHER OBLIGATIONS. It is not a party to or bound by any agreement, contract, instrument or understanding or commitment of any kind or subject to any corporate or other restriction, the performance or observance of which by it now or, as far it can reasonably foresee, will have a Material Adverse Effect, financial or otherwise, upon the assets or business of the Lessee and its Subsidiaries taken as a whole; and neither it nor any other person or party to a contract or agreement material to its financial condition or operations, taken as a whole, is in default under any such contract or agreement, and no event has occurred which, but for the giving of notice or the passage of time, or both, would constitute a default thereunder.

(r) FINANCIAL STATEMENTS. The consolidated financial statements of the Lessee and its Subsidiaries for the period most recently ended before the Closing Date, heretofore furnished

to the Credit Bank, are true and complete, have been prepared in accordance with GAAP, omit no material contingent liabilities of any kind that are not disclosed or otherwise reflected therein, and fairly present in all material respects the consolidated financial condition of the Lessee and its Subsidiaries as of the date thereof and the results of their operations for the period then ended. Since the date thereof, there has been no material adverse change in the financial condition, properties or businesses of the Lessee and its Subsidiaries which has not been disclosed in writing by the Lessee to the Credit Bank, the Lessor and the Issuer.

(s) QUALIFICATION OF REPRESENTATIONS. Notwithstanding any other provision of this SECTION 4.1 to the contrary, the representations of the Lessee set forth in this Section are qualified by the conditions that (i) all representations (including, without limitation, the representations set forth in SECTION 4.1(h) above) are made and given to the best of knowledge of the Lessee, (ii) where a representation involves compliance by the Lessee with an Applicable Law or an Environmental Law such representation is deemed to be as to compliance by the Lessee in all material respects with any such law and (iii) where a representation involves conduct on the part of the Lessee that does not violate an Applicable Law or an Environmental Law, such representation is deemed to exclude any non-material violations of any such law.

SECTION 4.2 REPRESENTATIONS AND COVENANTS OF LESSOR. Effective as of the date of execution hereof, as of the Closing Date, the Lessor represents and warrants to and covenants with the Credit Bank, the Issuer and the Lessee as follows:

(a) DUE ORGANIZATION; LIMITED PURPOSE. Lessor is a limited partnership duly organized and validly existing in good standing under the laws of the State of Ohio; is duly qualified to conduct business in, and is in good standing under the laws of, each state where such qualification, good standing and authority is or will be required in connection with the performance of its duties under the Operative Documents; and has full power, authority and legal right to execute, deliver and perform its obligations under this Participation Agreement and each other Operative Document to which it is or will be a party. The Lessor further represents, covenants and warrants that (i) the Lessor has been organized and exists for the sole purpose of, and will not engage in any business or other activity except as necessary in connection with, the Lessor's acquiring and owning the Leased Property and taking the actions contemplated on Lessor's part under the Operative Documents and (ii) except for obligations and indebtedness of Lessor represented by and set forth in the Operative Documents and except for obligations or indebtedness of Lessor arising directly or indirectly from failure of the Lessee or the Guarantor to discharge their respective obligations under the Operative Documents, the Lessor (whether as trustee or in its individual capacity) will not create, incur, suffer to be created or incurred, or guarantee any obligation or indebtedness relating to, or encumbering, the Leased Property.

(b) DUE AUTHORIZATION; ENFORCEABILITY, ETC. The Participation Agreement and each other Operative Document to which the Lessor is or will be a party have been or will be duly authorized, executed and delivered by or on behalf of the Lessor and are, or upon execution and delivery will be, legal, valid and binding obligations of the Lessor enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by general equitable principles.

(c) NO CONFLICT. The execution and delivery by the Lessor of this Participation Agreement and each other Operative Document to which the Lessor is or will be a party are not or will not, and the performance by the Lessor of its obligations under each do not and will not, violate its certificate of incorporation or by-laws, do not and will not contravene any Applicable Law and do not and will not contravene any provision of, or constitute a default under, any Contractual Obligation of the Lessor, and Lessor possesses all requisite regulatory authority to undertake and perform its obligations under the Operative Documents.

(d) LITIGATION. There are no pending or threatened actions or proceedings against Lessor before any court, arbitrator or administrative agency that would have a material adverse effect upon the ability of Lessor to perform its obligations under this Participation Agreement or any other Operative Documents to which it is or will be a party.

(e) LESSOR LIENS. No Lessor Liens or other Liens created by acts or omissions of Lessor (whether as trustee or in its individual capacity) (other than Liens created by the Operative Documents) exist on the Closing Date on the Leased Property, or any portion thereof, and the execution, delivery and performance by Lessor of this Participation Agreement or any other Operative Document to which it is or will be a party will not subject the Leased Property, or any portion thereof, to any Lessor Liens or other Liens created by Lessor (other than by the Operative Documents). Except for Liens against the Leased Property created by the Operative Documents, Permitted Liens (other than Lessor Liens), Liens (including Lessor Liens) arising directly or indirectly from the Lessee's failure to discharge the Lessee's obligations under the Operative Documents, the Lessor further represents and warrants that it will not create, suffer to be created or permit any Liens on the Leased Property.

(f) EMPLOYEE BENEFIT PLANS. The Lessor is not and will not be making its Contribution hereunder, and is not performing its obligations under the Operative Documents, with the assets of an "employee benefit plan" (as defined in Section 3(3) of ERISA) which is subject to Title I of ERISA, or "plan" (as defined in Section 4975(e)(1) of the Code).

(g) GOVERNMENTAL REGULATION. The Lessor is not an "investment company" or a company "controlled" by an "investment company", within the meaning of the Investment Company Act of 1940, as amended.

(h) USE OF PROCEEDS; MARGIN REGULATIONS. To the best of the Lessor's knowledge, no part of the proceeds of the Borrower Promissory Note will be used, directly or indirectly, for the purpose of buying or carrying any margin stock within the meaning of Regulation G of the Board of Governors of the Federal Reserve System (12 CFR 207), or for the purpose of buying or carrying or trading in any securities under such circumstances as to involve the Lessor in a violation of Regulation X of said Board (12 CFR 224) or to involve any broker or dealer in a violation of Regulation T of said Board (12 CFR 220).

(i) PAYMENT OF TAXES AND CLAIMS. The Lessor will cause to be filed on its behalf, all tax returns required to be filed in any jurisdiction and pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or

levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Lessor, provided that the Lessor need not pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Lessor, or any Person on its behalf, on a timely basis in good faith and in appropriate proceedings or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect on the Lessee's ability to perform its obligations or exercise its rights under the Operative Documents.

(j) MAINTENANCE OF PROPERTIES. The Lessor will use reasonable efforts to enforce the obligation of the Lessee under the Lease to maintain and keep, or cause to be maintained and kept, the Leased Property in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times.

(k) SINGLE PURPOSE ENTITY/SEPARATENESS. Without the written consent of the Credit Bank and the Lessee (provided that the consent of the Credit Bank shall not be required after the Letter of Credit has terminated in accordance with its terms and all Letter of Credit Liabilities have been satisfied), except as shall be necessary or appropriate to perform its obligations under the Operative Documents:

(i) Lessor will not own any asset or property other than (A) the Leased Property, and (B) incidental personal property necessary for the ownership or operation of the Leased Property and performance of its obligations under the Operative Documents.

(ii) Lessor will not engage in any business other than the ownership, management and operation of the Leased Property pursuant to the Operative Documents and any activity incidental or related thereto.

(iii) Lessor will not enter into any contract or agreement with any affiliate of the Lessor, any constituent partner or member ("constituent party") of Lessor, or any affiliate of any constituent partner or member, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party.

(iv) Lessor will not incur any indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (i) the Loan, (ii) the Letter of Credit Liabilities, and (iii) trade and operational debt incurred in the ordinary course of business with trade creditors in amounts as are normal and reasonable under the circumstances.

(v) Lessor will not make any loans or advances to any third party (including any affiliate or constituent party, or any affiliate of any constituent party), and shall not acquire obligations or securities of its affiliates or any constituent party.

(vi) Lessor shall remain solvent and pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due.

(vii) Lessor will do all things reasonably necessary to observe organizational formalities and preserve its existence, and Lessor will not, nor will Lessor permit any constituent party to amend, modify or otherwise change the partnership certificate, the partnership agreement, articles of incorporation and bylaws, trust or other organizational documents of Lessor or such constituent party.

(viii) Lessor will maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates and any constituent party and Lessor will file its own tax returns. Lessor shall maintain its books, records, resolutions and agreements as official records.

(ix) Lessor will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any affiliate of Lessor or any constituent party of Lessor), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name, shall not identify itself or any of its affiliates as a division or part of the other and shall maintain and utilize separate stationery, invoices and checks, except that nothing herein shall prevent Lessor from engaging a manager, agent or contractor to perform services on behalf of Lessor in such manager's, agent's or contractor's name.

(x) Neither Lessor nor any constituent party will seek the dissolution, winding up, liquidation, consolidation or merger in whole or in part, of the Lessor.

(xi) Lessor will not commingle the funds and other assets of Lessor with those of any affiliate or constituent party, or any affiliate of any constituent party, or any other Person.

(xii) Lessor will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or constituent party or any affiliate of any constituent party, or any other Person.

(xii) Lessor will not hold itself out to be responsible for the debts or obligations of any other Person.

SECTION 4.3 COVENANT OF THE CREDIT BANK. Upon payment by Lessee to the Credit Bank of the purchase price for the related Properties pursuant to ARTICLE XV of the Lease, the Credit Bank will release the lien of the Operative Documents against the related Property.

SECTION 4.4 TAX TREATMENT. (a) The parties hereto agree that it is the Lessor's and Lessee's intention that for Federal, state and local income Tax purposes (i) the Lease be treated as the repayment and security provisions of a loan to the Lessee, all rights to the principal and interest of which have been assigned by the Lessor to the Credit Bank, (ii) the Lessee be treated as the legal

and beneficial owners entitled to any and all benefits of ownership of the related Properties or any part thereof and (iii) all payments of Basic Rent and Lease Balance, respectively, during the Lease Term be treated as payments of interest and principal, as the case may be, under the Borrower Promissory Note.

(b) The Lessee agrees that neither it nor any member of any affiliated group of which it is or may become a member (whether or not consolidated or combined returns are filed for such affiliated group for Federal, state or local income Tax purposes) will at any time take any action, directly or indirectly, or file any return or other document inconsistent with the intended income Tax treatment set forth in SECTION 4.4(a) hereof, and agrees that it and any such Affiliates will file such returns, maintain such records, take such actions and execute such documents as may be appropriate to facilitate the realization of such intended income Tax treatment.

(c) The Lessor agrees that, except to the extent required by law, neither it nor any member of any affiliated group of which it is or may become a member (whether or not consolidated or combined returns are filed for such affiliated group for Federal, state or local income Tax purposes) will at any time take any action, directly or indirectly, or file any return or other document claiming, or asserting that it is entitled to the income Tax benefits, deductions and/or credits which, pursuant to the intended income Tax treatment set forth in SECTION 4.4 (a) hereof, would otherwise be claimed or claimable by the Lessee, and that it and any such Affiliates will at the expense of the Lessee file such returns, maintain such records, take such actions, and execute such documents (as reasonably requested by the Lessee from time to time) as may be appropriate to facilitate the realization of, and as shall be consistent with, such intended income Tax treatment, other than engaging in any contest of such treatment with any taxing authority, and if any such filing, maintenance, action or execution requested by the Lessee would result in any additional income Tax liability or expense payable by the Lessor or any Affiliate, or could reasonably be expected to result in liability or expense payable by it or any Affiliate, then the Lessee will provide an indemnity against such income Tax liability or other liability satisfactory to the Lessor or the Credit Bank, as the case may be, in the Lessor's or the Credit Bank's sole opinion, as the case may be.

SECTION 4.5 REPRESENTATIONS AND COVENANTS OF ISSUER. Effective as of the date of execution hereof and as of the Closing Date, the Issuer represents and warrants to and covenants with the Credit Bank, the Lessor and the Lessee as follows:

(a) DUE ORGANIZATION. Issuer is a corporation duly organized and validly existing in good standing under the laws of the State of Delaware; is duly qualified to conduct business in, and is in good standing under the laws of, each state where such qualification, good standing and authority is or will be required in connection with the performance of its duties under the Operative Documents; and has full power, authority and legal right to execute, deliver and perform its obligations under this Participation Agreement and each other Operative Document to which it is or will be a party.

(b) DUE AUTHORIZATION; ENFORCEABILITY, ETC. The Participation Agreement and each other Operative Document to which the Issuer is or will be a party have been or will be duly authorized, executed and delivered by or on behalf of the Issuer and are, or upon execution and

delivery will be, legal, valid and binding obligations of the Issuer enforceable against it in accordance with their respective terms, except as such enforceability may be limited by applicable bankruptcy, insolvency, or similar laws affecting creditors' rights generally and by general equitable principles.

(c) NO CONFLICT. The execution and delivery by the Issuer of this Participation Agreement and each other Operative Document to which the Issuer is or will be a party are not or will not, and the performance by the Issuer of its obligations under each do not and will not, violate its certificate of incorporation or by-laws, do not and will not contravene any Applicable Law and do not and will not contravene any provision of, or constitute a default under, any Contractual Obligation of the Issuer, and Issuer possesses all requisite regulatory authority to undertake and perform its obligations under the Operative Documents.

(d) NO LITIGATION. There are no pending or threatened actions or proceedings against Issuer before any court, arbitrator or administrative agency that would have a material adverse effect upon the ability of Issuer to perform its obligations under this Participation Agreement or any other Operative Documents to which it is or will be a party.

(e) SEPARATENESS COVENANTS OF THE ISSUER. Without the written consent of the Credit Bank (provided that the consent of the Credit Bank shall not be required after the Letter of Credit has terminated in accordance with its terms and all Letter of Credit Liabilities have been satisfied), except as shall be necessary or appropriate to issue and sell notes of any series pursuant to the Note Indenture, lend the proceeds thereof to borrowers, and exercise its rights and perform its obligations under the Note Indenture:

(i) The Issuer will not own any asset or property other than (A) the Loan, the Borrower Promissory Note, loans of the proceeds from the sale of its notes of other series issued under the Note Indenture and promissory notes or other instruments evidencing such loans, and interests in moneys and funds pledged and granted to the Note Trustee pursuant to the Note Indenture, and (B) incidental personal property necessary for the performance of its duties and the exercise of its rights under the Note Indenture and in connection with transactions undertaken as contemplated thereby.

(ii) The Issuer will not engage in any business other than the business of issuing and selling its notes of any series issued pursuant to the Note Indenture, arranging for letters of credit for the security of any series notes, the lending of the proceeds of the sale of the notes of any series, the management and servicing of such loans and notes, and any activity incidental or related to any of the foregoing.

(iii) The Issuer will not enter into any contract or agreement with any affiliate of the Issuer, any stockholder of the Issuer, or any affiliate of any stockholder, except upon terms and conditions that are intrinsically fair and substantially similar to those that would be available on an arms-length basis with third parties other than any such party.

(iv) The Issuer will not incur any indebtedness, secured or unsecured, direct or indirect, absolute or contingent (including guaranteeing any obligation), other than (i) the notes of any series issued pursuant to the Indenture and (ii) trade and operational debt

incurred in the ordinary course of business with trade creditors in amounts as are normal and reasonable under the circumstances.

(v) The Issuer will not make any loans or advances to any third party (including any affiliate or constituent party, or any affiliate of any constituent party), and shall not acquire obligations or securities of its affiliates or any constituent party.

(vi) The Issuer shall remain solvent and pay its debts and liabilities (including, as applicable, shared personnel and overhead expenses) from its assets as the same shall become due.

(vii) The Issuer will do all things reasonably necessary to observe organizational formalities and preserve its existence, and the Issuer will not, nor will the Issuer permit any stockholder to, amend, modify or otherwise change its certificate of incorporation and by-laws in a manner which would alter its permitted purpose and activities.

(viii) The Issuer will maintain all of its books, records, financial statements and bank accounts separate from those of its affiliates and any constituent party and the Issuer will file its own tax returns. The Issuer shall maintain its books, records, resolutions and agreements as official records.

(ix) The Issuer will be, and at all times will hold itself out to the public as, a legal entity separate and distinct from any other entity (including any affiliate of the Issuer or any stockholder of Issuer), shall correct any known misunderstanding regarding its status as a separate entity, shall conduct business in its own name (unless in the opinion of counsel to the Issuer it would be illegal to do so, in which case it may do business under such assumed name as it legally qualifies to do business under), shall not identify itself or any of its affiliates as a division or part of the other and shall maintain and utilize separate stationery, invoices and checks, except that nothing herein shall prevent the Issuer from engaging a manager, agent or contractor to perform services on behalf of Issuer in such manager's, agent's or contractor's name.

(x) Neither the Issuer nor any stockholder of the Issuer will seek the dissolution, winding up, liquidation, consolidation or merger in whole or in part, of the Issuer.

(xi) The Issuer will not commingle the funds and other assets of the Issuer with those of any affiliate or stockholder, or any affiliate of any stockholder, or any other Person.

(xii) The Issuer will maintain its assets in such a manner that it will not be costly or difficult to segregate, ascertain or identify its individual assets from those of any affiliate or constituent party or any affiliate of any constituent party, or any other Person.

(xiii) The Issuer will not hold itself out to be responsible for the debts or obligations of any other Person.

SECTION 5
COVENANTS OF THE LESSEE

SECTION 5.1 QUALIFICATION AS TO CORPORATE STATUS. The Lessee shall remain a validly existing corporation organized under the laws of its state of incorporation and shall qualify and remain qualified to do business in each State in which the Property is located.

SECTION 5.2 FURTHER ASSURANCES. Upon the written request of the Lessor, the Issuer or the Credit Bank, the Lessee, at its own cost and expense, will cause all financing statements (including precautionary financing statements), fixture filings and other similar documents to be signed by the Lessee and recorded or filed at such places and times in such manner as may be necessary or requested by the Lessor or the Credit Bank, to preserve, protect and perfect the interest of the Lessor and the Credit Bank in the Leased Property as contemplated by the Operative Documents.

SECTION 5.3 REPORTING.

(a) FINANCIAL STATEMENTS. The Lessee shall deliver or cause to be delivered to the Lessor and the Credit Bank:

(i) As soon as practicable, and in any event within forty-five (45) days after the close of each of the first three quarterly accounting periods in each Fiscal Year, the consolidated balance sheet of the Lessee and its Subsidiaries as at the end of such quarterly period and the related consolidated statements of operations for such quarterly period and for the elapsed portion of the current Fiscal Year ended with the last day of such quarterly period, and setting forth comparative consolidated figures for the related period in the prior Fiscal Year, which financial statements shall be certified by a duly authorized officer of the Lessee that they fairly present in all material respects the consolidated financial condition of the Lessee and its Subsidiaries as at the dates indicated, subject to changes resulting from audit and normal year-end adjustments;

(ii) As soon as practicable, and in any event within one hundred twenty (120) days after the end of each Fiscal Year, consolidated balance sheets of the Lessee and its Subsidiaries as at the end of such Fiscal Year and the related consolidated statements of earnings, shareholders' equity and changes in cash-flows of the Lessee and its Subsidiaries for such Fiscal Year, setting forth in comparative form the consolidated figures for the Lessee and its Subsidiaries for the previous Fiscal Year, all in reasonable detail and accompanied by a report thereon of Price Waterhouse Coopers or other independent public accountants of recognized national standing selected by the Lessee which report shall be unqualified as to the scope of audit and as to the status of the Lessee and its Subsidiaries as a going concern and shall state that such consolidated financial statements present fairly in all material respects the financial position of the Lessee and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with GAAP (or, in the event of a change in accounting principles, such accountants' concurrence with such change) and that the examination by such accountants in connection with such consolidated financial statements has been made in accordance with generally accepted auditing standards;

(iii) Together with each delivery of any financial statements pursuant to clauses (i) and (ii) of this subsection, an officer's certificate of the Lessee, executed by a duly authorized officer of the Lessee, stating (A) that the signer has instituted procedures for the review of the terms of this Participation Agreement and the principal Operative Documents and the review in reasonable detail of the transactions and conditions of the Lessee and its Subsidiaries taken as a whole during the accounting period covered by such financial statements, and that such review has not disclosed the existence, during or at the end of such accounting period, nor does the signer have knowledge of the existence as of the date of such officer's certificate, of any condition or event which constitutes an Event of Default, or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken, is taking and proposes to take with respect thereto, (B) that, to the best of such officer's knowledge, the financial statements delivered pursuant to clause (i) of this subsection present fairly in all material respects the financial position of the Lessee and its Subsidiaries as at the dates indicated and the results of their operations and cash flows for the periods indicated in conformity with GAAP, and (C) that the Lessee is in compliance with each of the covenants contained in SECTION 5.5 hereof, and setting out in reasonable detail the data and calculations upon which the Officer bases such statement;

(iv) Promptly, and in any event within five (5) Business Days after an executive officer the Lessee obtains knowledge thereof, notice of (A) the occurrence of any event which constitutes an Event of Default which notice shall specify the nature thereof, the period of existence thereof and what action the Lessee proposes to take with respect thereto and (B) any litigation or governmental proceedings pending against the Lessee which, if determined adversely to the Lessee, would have a Material Adverse Effect on the Lessee's ability to perform under the Operative Documents; and

(v) With reasonable promptness, such information with respect to the financial condition of the Lessee or the Leased Property as from time to time may be reasonably requested by the Lessor or the Credit Bank; PROVIDED, HOWEVER, that the Lessor and the Credit Bank shall keep such information confidential, except in connection with enforcement or exercise of the Lessor's or the Credit Bank's rights under this Participation Agreement or otherwise available at law or in equity and PROVIDED, FURTHER, that the Lessor or the Credit Bank may disclose such information to the extent necessary to respond to inquiries of bank regulatory authorities or to comply with legal process or any other legal disclosure obligations, or to the extent such information has been made publicly available by parties other than the Lessor or the Credit Bank.

(b) OTHER REPORTS. Promptly after the same are available to it, during any period in which the Lessee shall be or become a reporting company under the Securities Exchange Act, the Lessee shall deliver to the Lessor and the Credit Bank copies of the annual report of Lessee and each filing made by the Lessee or any Affiliate thereof with the SEC.

SECTION 5.4 AFFIRMATIVE COVENANTS OF THE LESSEE.

(a) COMPLIANCE WITH LAW. The Lessee will, and will cause each of its Subsidiaries to, comply with all laws, ordinances or governmental rules or regulations to which each of them is subject, including, without limitation, Environmental Laws, and will obtain and maintain in effect all licenses, certificates, permits, franchises and other governmental authorizations necessary to the ownership of their respective properties or to the conduct of their respective businesses, in each case to the extent necessary to ensure that non-compliance with such laws, ordinances or governmental rules or regulations or failures to obtain or maintain in effect such licenses, certificates, permits, franchises and other governmental authorizations could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(b) PAYMENT OF TAXES AND CLAIMS. The Lessee will, and will cause each of its Subsidiaries to, file all tax returns required to be filed in any jurisdiction and to pay and discharge all taxes shown to be due and payable on such returns and all other taxes, assessments, governmental charges, or levies imposed on them or any of their properties, assets, income or franchises, to the extent such taxes and assessments have become due and payable and before they have become delinquent and all claims for which sums have become due and payable that have or might become a Lien on properties or assets of the Lessee or any Subsidiary, provided that neither the Lessee nor any Subsidiary need pay any such tax or assessment or claims if (i) the amount, applicability or validity thereof is contested by the Lessee or such Subsidiary on a timely basis in good faith and in appropriate proceedings, and the Lessee or a Subsidiary has established adequate reserves therefor in accordance with GAAP on the books of the Lessee or such Subsidiary or (ii) the nonpayment of all such taxes and assessments in the aggregate could not reasonably be expected to have a Material Adverse Effect.

(c) CORPORATE EXISTENCE. The Lessee will at all times preserve and keep in full force and effect its corporate existence. The Lessee will at all times preserve and keep in full force and effect the corporate existence of each of its Subsidiaries (unless merged into the Lessee or a Subsidiary) and all rights and franchises of the Lessee and its Subsidiaries unless, in the good faith judgment of the Lessee, the termination of or failure to preserve and keep in full force and effect such corporate existence, right or franchise could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

(d) MAINTENANCE OF PROPERTIES. The Lessee will and will cause each of its Subsidiaries to maintain and keep, or cause to be maintained and kept, their respective properties in good repair, working order and condition (other than ordinary wear and tear), so that the business carried on in connection therewith may be properly conducted at all times, provided that this SECTION 5.4(d) shall not prevent the Lessee or any Subsidiary from discontinuing the operation and the maintenance of any of its properties if such discontinuance is desirable in the conduct of its business and the Lessee has concluded that such discontinuance could not, individually or in the aggregate, reasonably be expected to have a Material Adverse Effect.

SECTION 5.5 FINANCIAL COVENANTS. The Lessee shall at all times comply with the agreements and covenants set forth in SCHEDULE I hereof.

SECTION 6
TRANSFERS BY LESSOR AND CREDIT BANK

SECTION 6.1 LESSOR TRANSFERS. The Lessor shall not assign, convey, encumber or otherwise transfer all or any portion of its right, title or interest in, to or under the Leased Property or the Lease (except pursuant to any Mortgage, the Assignment of Lease and Rents or pursuant to ARTICLE XV of the Lease) or any of the Operative Documents without obtaining the prior written consent of the Credit Bank and the Lessee.

SECTION 6.2 LESSOR AND THE CREDIT BANK TRANSFERS. Except pursuant to an Event of Default, or to the extent provided herein or by the Reimbursement Agreement, neither the Lessor nor the Credit Bank shall assign, convey or otherwise transfer all or any portion of its right, title or interest in, to or under any of the Operative Documents without the prior written consent of the Lessee and the Lessor (such consent not to be unreasonably withheld); PROVIDED, HOWEVER, that, subject to the limitations set forth in SECTION 6.04 of the Reimbursement Agreement, without the prior written consent of or notice to the Lessor or the Lessee, the Credit Bank may sell participating interests in the Letter of Credit and the Reimbursement Agreement, and the other Operative Documents in which it has an interest, to such banks, and other financial institutions as the Credit Bank shall, in its sole discretion, determine.

SECTION 7
INDEMNIFICATION

SECTION 7.1 GENERAL INDEMNIFICATION. The Lessee agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and to indemnify, protect, defend, save and keep harmless each Indemnitee, on an After-Tax Basis, from and against, any and all Claims by any third-party that may be imposed on, incurred by or asserted against such Indemnitee, whether or not such Indemnitee shall also be indemnified as to any such Claim by any other Person (except to the extent such claim is covered by the insurance required by the Lease) and in any way relating to or arising out of:

(i) any of the Operative Documents or any of the transactions contemplated thereby, and any amendment, modification or waiver in respect thereof;

(ii) the Land or any part thereof or interest therein;

(iii) the purchase, design, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, ownership, management, possession, operation, rental, lease, sublease, repossession, maintenance, repair, alteration, modification, addition or substitution, storage, transfer or title, redelivery, use, financing, refinancing, disposition, operation, condition, sale (including, without limitation, any sale pursuant to the Lease), return or other disposition of all or any part or any interest in the Leased Property or the imposition of any Lien (or incurring of any liability to refund or pay over any amount as a result of any Lien) thereon, including without limitation (A) Claims or penalties arising from any violation of law or in tort (strict liability or otherwise), (B) latent or other defects,

whether or not discoverable, (C) any Claim based upon a violation or alleged violation of the terms of any restriction, easement, condition or covenant or other matter affecting title to the Leased Property, (D) the making of any Alterations in violation of any standards imposed by any insurance policies required to be maintained by Lessee pursuant to the Lease which are in effect at any time with respect to the Leased Property or any part thereof, (E) any Claim for patent, trademark or copyright infringement and (F) Claims arising from any public improvements with respect to the Leased Property resulting in any change or special assessments being levied against the Leased Property or any Claim for utility "tap-in" fees;

(iv) the breach or alleged breach by the Lessee of any representation or warranty made by it or deemed made by it in any Operative Document or any certificate required to be delivered under any Operative Document;

(v) the retaining or employment of any broker, finder or financial advisor by the Lessee to act on its behalf in connection with this Participation Agreement, or the authorization of any broker or financial adviser retained or employed by any other Person who or which acts on the Lessee's behalf, or the incurring of any fees or commissions to which Lessor, the Issuer or the Credit Bank might be subjected by virtue of their entering into the transactions contemplated by this Participation Agreement;

(vi) the existence of any Lien on or with respect to the Leased Property, any Basic Rent or Supplemental Rent, including any Liens which arise out of the possession, use, occupancy, construction, repair or rebuilding of or title to or interest of any Person in the Leased Property or by reason of labor or materials furnished or claimed to have been furnished to the Lessee or any of its contractors or agents or by reason of the financing of any personalty or equipment purchased or leased by the Lessee or Alterations constructed by the Lessee, except in all cases the Liens listed as items (i) and (ii) in the definition of Permitted Liens; or

(vii) [omitted];

PROVIDED, HOWEVER, that the Lessee shall not be required to indemnify any Indemnitee under this Section for (x) any Claim to the extent that such Claim results from the willful misconduct or gross negligence of such Indemnitee (provided that the exception set forth in this clause (x) shall not apply to Lessor Indemnitees, which the Lessee shall, in any event, be obligated to indemnify, except as provided in SECTION 18.12 of the Lease), (y) any Claim resulting from Lessor Liens which Lessor is responsible for discharging under the Operative Documents or (z) any Claim which occurs or arises out of a time when the Lessee was not an owner, lessee or otherwise using or in possession of the Leased Property or any part thereof. It is expressly understood and agreed that the indemnity provided for herein shall survive the expiration or termination of and shall be separate and independent from any remedy under the Lease or any other Operative Document.

SECTION 7.2 ENVIRONMENTAL INDEMNITY. Without limitation of SECTION 7.1, the Lessee agrees to indemnify, hold harmless and defend each Indemnitee from and against any and all Claims (including without limitation third party Claims for personal injury or real or personal property

damage), losses (including but not limited to any loss of value of the Leased Property), damages, liabilities, fines, penalties, charges, administrative and judicial proceedings (including informal proceedings) and orders, judgments, remedial action, requirements, enforcement actions of any kind, and all reasonable and documented costs and expenses incurred in connection therewith (including but not limited to reasonable and documented attorneys' and/or paralegals' fees and expenses), including, but not limited to, all costs incurred in connection with any investigation or monitoring of site conditions or any clean-up, remedial, removal or restoration work by any federal, state or local government agency, arising directly or indirectly, in whole or in part, out of:

(i) the presence on or under the Land of any Hazardous Materials, or any release or discharges of any Hazardous Materials on, under, from or onto the Land;

(ii) any activity, including, without limitation, construction, carried on or undertaken on or off the Land, and whether by the Lessee, or any predecessor in title or any employees, agents, contractors or subcontractors of the Lessee, or any predecessor in title, or any other Persons (including such Indemnitee), in connection with the handling, treatment, removal, storage, decontamination, clean-up, transport or disposal of any Hazardous Materials that at any time are located or present on or under or that at any time migrate, flow, percolate, diffuse or in any way move onto or under the Land;

(iii) loss of or damage to any property or the environment (including, without limitation, clean-up costs, response costs, remediation and removal costs, cost of corrective action, costs of financial assurance, fines and penalties and natural resource damages), or death or injury to any Person, and all expenses associated with the protection of wildlife, aquatic species, vegetation, flora and fauna, and any mitigative action required by or under Environmental Laws;

(iv) any claim concerning lack of compliance with Environmental Laws, or any act or omission causing an environmental condition that requires remediation or would allow any governmental agency to record a lien or encumbrance on the land records; or

(v) any residual contamination on or under the Land, or affecting any natural resources, and any contamination of any property or natural resources arising in connection with the generation, use, handling, storage, transport or disposal of any such Hazardous Materials, and irrespective of whether any of such activities were or will be undertaken in accordance with applicable laws, regulations, codes and ordinances;

in any case arising or occurring (y) prior to or during the Lease Term or (z) at any time during which the Lessee or any Affiliate thereof owns any interest in or otherwise occupies or possesses the Leased Property or any portion thereof; PROVIDED, HOWEVER, that the Lessee shall not be required to indemnify any Indemnitee under this Section for any Claim to the extent that such Claim results from the willful misconduct or gross negligence of such Indemnitee (except that the exception set forth in the immediately preceding PROVISIO shall not apply to Lessor Indemnities, which the Lessee shall, in any event, be obligated to indemnify, except as provided in SECTION 18.12 of the Lease). It is expressly understood and agreed that the indemnity provided for herein shall survive the

expiration or termination of and shall be separate and independent from any remedy under the Lease or any other Operative Document.

SECTION 7.3 PROCEEDINGS IN RESPECT OF CLAIMS. The obligations and liabilities of the Lessee with respect to any Claims for which, if valid, the Lessee is obligated to provide indemnification pursuant to the provisions of SECTION 7.1 and SECTION 7.2 ("Indemnified Claims"), shall be subject to the following terms and conditions:

(a) Whenever an Indemnitee shall have received notice that an Indemnified Claim has been asserted or threatened against such Indemnitee, the Indemnitee shall promptly notify the Lessee of such Claim, together with supporting facts and data within the possession or knowledge of the Indemnitee related thereto, provided that the failure to deliver such notice shall not relieve the Lessee of its indemnification obligations hereunder except to the extent that such failure prejudices the Lessee. With respect to any amount that the Lessee is requested by an Indemnitee to pay by reason of SECTION 7.1 or 7.2, such Indemnitee shall, if so requested by the Lessee and prior to any payment, submit such additional information to the Lessee as the Lessee may reasonably request and which is in the possession of such Indemnitee to substantiate properly the requested payment.

(b) The Lessee shall defend, at the expense of the Lessee, such Indemnified Claim with counsel of the Lessee's choice reasonably satisfactory to the Indemnitee, PROVIDED, HOWEVER, that if an Event of Default has occurred and is continuing, the Indemnitee shall have the right, upon notice to the Lessee and at the expense of the Lessee, to undertake the defense of such Claim during the continuance of such Event of Default. The Indemnitee shall promptly notify the Lessee of any compromise or settlement proposal with respect to any such Claim and shall not unreasonably refuse to accept any such proposal if the same is acceptable to the Lessee. The Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by Lessee in accordance with the foregoing. Lessee shall not enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under SECTION 7.1 or 7.2 without the prior written consent of the affected Indemnitee, which consent shall not be unreasonably withheld. The Lessee and each Indemnitee are and shall be bound to cooperate with each other in good faith in connection with the defense of any such action, suit or proceeding in providing any information and bear witness or give testimony which may be requested by counsel for any of such parties.

(c) Unless an Event of Default shall have occurred and be continuing, no Indemnitee shall enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under SECTION 7.1 or 7.2 without the prior written consent of the Lessee, which consent shall not be unreasonably withheld (it being agreed that it will not be unreasonable for Lessee to withhold consent if such compromise or settlement adversely affects a material right or property interest of Lessee, including, without limitation, the Lessee's use, title or possession of the Leased Property), unless such Indemnitee waives its right to be indemnified under SECTION 7.1 or 7.2 with respect to such Claim, PROVIDED that no Indemnitee shall enter into any settlement which would adversely affect the Lessee's use, title to or possession of the Leased Property without the Lessee's prior written consent.

(d) Upon payment in full of any Claim by Lessee pursuant to SECTION 7.1 or 7.2 to or on behalf of an Indemnitee, the Lessee, without any further action, shall be subrogated to any and all claims that such Indemnitee may have relating thereto (other than claims in respect of insurance policies maintained by such Indemnitee at its own expense) including claims (subject to the provisions of this SECTION 7 and SECTION 18.12 of the Lease) against another Indemnitee and such Indemnitee shall execute such instruments of assignment and conveyance, evidence of claims and payment and such other documents, instruments and agreements as may be necessary to preserve any such Claims and otherwise cooperate with Lessee and give such further assurances as are necessary or advisable to enable Lessee vigorously to pursue such Claims.

(e) Any amount payable to an Indemnitee pursuant to SECTION 7.1 or 7.2 shall be paid to such Indemnitee promptly upon receipt of a written demand therefor from such Indemnitee, accompanied by a written statement describing in reasonable detail the basis for such indemnity and the computation of the amount so payable, and if requested by Lessee, such determination shall be verified by a nationally recognized independent accounting firm mutually acceptable to Lessee and the Indemnitee at the expense of Lessee.

(f) If Lessee fails to assume the defense of an Indemnified Claim within a reasonable time (and in any event not more than 30 days) after receipt of notice thereof from the Indemnitee, the Indemnitee will (upon delivering notice to such effect to Lessee) have the right to undertake, at Lessee's cost and expense, the defense, compromise or settlement of such Claim on behalf of and for the account and risk of the Lessee, subject to the right of the Lessee (PROVIDED no Event of Default shall have occurred and remained outstanding) to assume the defense of such Claim at any time prior to the settlement, compromise or final determination thereof, and PROVIDED HOWEVER, that the Indemnitee shall not enter into any such compromise or settlement without the written consent of the Lessee, which shall not be unreasonably withheld, as aforesaid, and PROVIDED FURTHER that no Indemnitee shall enter into any such settlement which would adversely affect the Lessee's use, title to or possession of the Leased Property without the Lessee's prior written consent. In the event the Indemnitee assumes the defense of any such Claim, the Indemnitee will cooperate with the Lessee in keeping the Lessee reasonably informed of the progress of any such defense, compromise or settlement.

(g) Nothing contained in this SECTION 7.3 shall be deemed to expand the obligation of the Lessee to defend or be responsible for indemnification of the Indemnitees with respect to any Claim beyond the specific indemnification obligations set forth in SECTIONS 7.1, 7.2, 7.4, or elsewhere in the Operative Documents.

SECTION 7.4 GENERAL TAX INDEMNITY.

(a) Except as otherwise provided in this Section, the Lessee shall pay on an After-Tax Basis, and on written demand shall indemnify and hold each Tax Indemnitee harmless from and against, any and all fees (including, without limitation, documentation, recording, license and registration fees), taxes (including, without limitation, income, gross receipts, sales, rental, use, turnover, value-added, property, excise and stamp taxes), levies, imposts, duties, charges, assessments or withholdings of any nature whatsoever, together with any penalties, fines or interest thereon or additions thereto (any of the foregoing being referred to herein as "Taxes" and

individually as a "Tax" (for the purposes of this Section, the definition of "Taxes" excludes amounts imposed on, incurred by, or asserted against each Tax Indemnatee as the result of any prohibited transaction, within the meaning of Section 406 or 407 of ERISA or Section 4975(c) of the Code, arising out of the transactions contemplated hereby or by any other Operative Document)) imposed on or with respect to any Tax Indemnatee, the Lessee, the Leased Property or any portion thereof or the Land, or any sublessee or user thereof, by the United States or by any state or local government or other taxing authority in the United States in connection with or in any way relating to (i) the acquisition, financing, mortgaging, construction, preparation, installation, inspection, delivery, non-delivery, acceptance, rejection, purchase, ownership, possession, rental, lease, sublease, maintenance, repair, storage, transfer of title, redelivery, use, operation, condition, sale, return or other application or disposition of all or any part of the Leased Property or the imposition of any Lien, other than a Lessor Lien (or incurrence of any liability to refund or pay over any amount as a result of any Lien, other than a Lessor Lien) thereon, (ii) Basic Rent or Supplemental Rent or the receipts or earnings arising from or received with respect to the Leased Property or any part thereof, or any interest therein or any applications or dispositions thereof, (iii) the Leased Property, the Land or any part thereof or any interest therein, (iv) all or any of the Operative Documents, any other documents contemplated thereby and any amendments and supplements thereto and (v) otherwise with respect to or in connection with the transactions contemplated by the Operative Documents.

(b) SECTION 7.4(a) shall not apply to:

(i) Taxes on, based on, or measured by or with respect to, net income of Lessor, the Holders, the Issuer or the Credit Bank (including, without limitation, minimum Taxes, capital gains Taxes, Taxes on or measured by items of tax preference or alternative minimum Taxes) other than (A) any such Taxes that are, or are in the nature of, sales, use, license, rental or property Taxes, (B) withholding Taxes imposed by the United States or any state (1) on payments with respect to the Letter of Credit Liabilities or the Borrower Promissory Note, to the extent imposed by reason of a change in Applicable Law occurring after the Closing Date or (2) on Rent, to the extent the net payment of Rent after deduction of such withholding Taxes would be less than amounts currently payable with respect to the Letter of Credit Liabilities or the Borrower Promissory Note and (C) any increase in any franchise taxes based on or otherwise measured by net income, estate, inheritance, transfer, income tax or gross income or gross receipts tax in lieu of net income over the term of the Lease, net of any decrease in such taxes realized by such Tax Indemnatee, to the extent that such tax increase or decrease would not have occurred if on the Closing Date Lessor had advanced funds to Lessee in the form of a loan secured by the Leased Property in an amount equal to the Loan, with debt service for such loan equal to the portion of the Basic Rent attributable to the Loan payable on each Rent Payment Date and a principal balance at the maturity of such loan in an amount equal to the Loan at the end of the Lease Term;

(ii) Taxes on, based on, or in the nature of or measured by, Taxes on doing business, business privilege, capital, capital stock, net worth, or mercantile license or similar taxes other than (A) any increase in such Taxes imposed on such Tax Indemnatee by any state, net of any decrease in such taxes realized by such Tax Indemnatee, to the extent that such tax increase or decrease would not have occurred if on the Closing Date Lessor had advanced funds to the Lessee in the form of a loan secured by the Leased Property in an

amount equal to the principal amount of the Borrower Promissory Note plus the Contribution, with debt service for such loan equal to the portion of the Basic Rent attributable to the Letter of Credit Liabilities and the Borrower Promissory Note and the Contribution Return payable on each Rent Payment Date and a principal balance at the maturity of such loan in an amount equal to the Lease Balance at the end of the Lease Term or (B) any Taxes that are or are in the nature of sales, use, rental, license or property Taxes;

(iii) Taxes that result from any act, event or omission, or are attributable to any period of time, that occurs after the earliest of (A) the expiration of the Lease Term with respect to the Leased Property and, if the Leased Property is required to be returned to Lessor in accordance with the Lease, such return and (B) the discharge in full of the Lessee's obligations to pay the Lease Balance, or any amount determined by reference thereto, with respect to the Leased Property and all other amounts due under the Lease, unless such Taxes relate to acts, events or matters occurring prior to the earliest of such times or are imposed on or with respect to any payments due under the Operative Documents after such expiration or discharge;

(iv) Taxes imposed on a Tax Indemnitee that result from any voluntary sale, assignment, transfer or other disposition by such Tax Indemnitee or any related Tax Indemnitee of any interest in the Leased Property or any part thereof, or any interest therein or any interest or obligation arising under the Operative Documents (including a sale of an interest in the Borrower Promissory Note) or from any sale, assignment, transfer or other disposition of any interest in such Tax Indemnitee or any related Tax Indemnitee, it being understood that each of the following shall not be considered a voluntary sale: (A) any substitution, replacement or removal of any part of any Property by the Lessee shall not be treated as a voluntary action of any Tax Indemnitee, (B) any sale or transfer resulting from the exercise by the Lessee of any termination option, any purchase option or sale option, (C) any sale or transfer while an Event of Default shall have occurred and be continuing under the Lease and (D) any sale or transfer resulting from Lessor's exercise of remedies under the Lease;

(v) any Tax which is being contested in accordance with the provisions of SECTION 7.4(c), during the pendency of such contest;

(vi) any Tax that is imposed on a Tax Indemnitee as a result of such Tax Indemnitee's gross negligence or willful misconduct (other than gross negligence on the part of Lessor or the incorporators, stockholders, directors, officers, employees and agents of Lessor or gross negligence or willful misconduct imputed to Lessor, the Holders, the Issuer or the Credit Bank solely by reason of their respective interests in the Leased Property);

(vii) any Tax that results from a Tax Indemnitee engaging, with respect to the Leased Property, in transactions other than those permitted by the Operative Documents; or

(viii) to the extent any interest, penalties or additions to tax result in whole or in part from the failure of a Tax Indemnitee to file a return that it is required to file in a

proper and timely manner, unless such failure (A) results from the transactions contemplated by the Operative Documents in circumstances where Lessee did not give timely notice to Lessor (and Lessor otherwise had no actual knowledge) of such filing requirement that would have permitted a proper and timely filing of such return or (B) results from the failure of Lessee to supply information necessary for the proper and timely filing of such return that was not in the possession of Lessor.

(c) If any claim shall be made against any Tax Indemnitee or if any proceeding shall be commenced against any Tax Indemnitee (including a written notice of such proceeding) for any Taxes as to which the Lessee may have an indemnity obligation pursuant to this Section, or if any Tax Indemnitee shall determine that any Taxes as to which the Lessee may have an indemnity obligation pursuant to this Section may be payable, such Tax Indemnitee shall promptly notify Lessee. Lessee shall be entitled, at its expense, to participate in and to the extent that Lessee desires to, assume and control the defense thereof; provided, however, that Lessee shall not be entitled to assume and control the defense of any such action, suit or proceeding (but the Tax Indemnitee shall then contest, at the sole cost and expense of Lessee, on behalf of Lessee) if and to the extent that (A) an Event of Default has occurred and is continuing, (B) such action, suit or proceeding involves matters which are unrelated to the transactions contemplated by the Operative Documents and if determined adversely could be materially detrimental to the interests of such Tax Indemnitee notwithstanding indemnification by Lessee or (C) such action, suit or proceeding involves the federal or any state income tax liability of the Tax Indemnitee. With respect to any contests controlled by a Tax Indemnitee, (i) if such contest relates to the federal or any state income tax liability of such Tax Indemnitee, such Tax Indemnitee shall be required to conduct such contest only if Lessee shall have provided to such Tax Indemnitee an opinion of independent tax counsel selected by Lessee and reasonably satisfactory to the Tax Indemnitee stating that a reasonable basis exists to contest such claim or (ii) in the case of an appeal of an adverse determination of any contest relating to any Taxes, an opinion of such counsel to the effect that such appeal is more likely than not to be successful; provided, however, such Tax Indemnitee shall in no event be required to appeal an adverse determination to the United States Supreme Court. The Tax Indemnitee may participate in a reasonable manner at its own expense and with its own counsel in any proceeding conducted by Lessee in accordance with the foregoing. Each Tax Indemnitee shall at Lessee's expense supply Lessee with such information and documents reasonably requested by Lessee as are necessary or advisable for Lessee to participate in any action, suit or proceeding to the extent permitted by this Section. Unless an Event of Default shall have occurred and be continuing, no Tax Indemnitee shall enter into any settlement or other compromise with respect to any Claim which is entitled to be indemnified under this Section without the prior written consent of Lessee, which consent shall not be unreasonably withheld (it being agreed that it will not be unreasonable for Lessee to withhold consent if such compromise or settlement would adversely affect material rights or property interests of Lessee, including, without limitation, the Lessee's use, title or possession of the Leased Property), unless such Tax Indemnitee waives its right to be indemnified under this Section with respect to such Claim, provided the settlement would not adversely affect material rights or property interests of Lessee, including, without limitation, the Lessee's use, title or possession of the Leased Property. Notwithstanding anything contained herein to the contrary, (i) a Tax Indemnitee will not be required to contest (and Lessee shall not be permitted to contest) a Claim with respect to the imposition of any Tax if such Tax Indemnitee shall waive its right to indemnification under this Section with respect to such Claim (and any related Claim with respect to

other taxable years the contest of which is precluded as a result of such waiver) and (ii) no Tax Indemnatee shall be required to contest any Claim if the subject matter thereof shall be of a continuing nature and shall have previously been decided adversely, unless there has been a change in law which in the opinion of Lessee's counsel creates substantial authority for the success of such contest. Each Tax Indemnatee and Lessee shall consult in good faith with each other regarding the conduct of such contest controlled by either.

(d) If (i) a Tax Indemnatee shall obtain a credit or refund of any Taxes paid by Lessee pursuant to this Section or (ii) by reason of the incurrence or imposition of any Tax for which a Tax Indemnatee is indemnified hereunder or any payment made to or for the account of such Tax Indemnatee by Lessee pursuant to this Section, such Tax Indemnatee at any time realizes a reduction in any Taxes for which the Lessee is not required to indemnify such Tax Indemnatee pursuant to this Section, which reduction in Taxes was not taken into account in computing such payment by the Lessee to or for the account of such Tax Indemnatee, then such Tax Indemnatee shall promptly pay to Lessee the amount of such credit or refund, together with the amount of any interest received by such Tax Indemnatee on account of such credit or refund or an amount equal to such reduction in Taxes, as the case may be; provided, however, that no such payment shall be made so long as an Event of Default shall have occurred and be continuing; and provided, further, that the amount payable to the Lessee by any Tax Indemnatee pursuant to this subsection shall not at any time exceed the aggregate amount of all indemnity payments made by the Lessee under this Section to such Tax Indemnatee and all related Tax Indemnitees with respect to the Taxes which gave rise to a credit or refund or with respect to the Tax which gave rise to a reduction in Taxes less the amount of all prior payments made to Lessee by such Tax Indemnatee and related Tax Indemnitees under this Section. Each Tax Indemnatee agrees to act in good faith to claim such refunds and other available Tax benefits, and take such other actions as may be reasonable to minimize any payment due from the Lessee pursuant to this Section and to maximize the amount of any Tax savings available to it or them. The disallowance or reduction of any credit, refund or other tax savings with respect to which a Tax Indemnatee has made a payment to the Lessee under this subsection shall be treated as a Tax for which the Lessee is obligated to indemnify such Tax Indemnatee hereunder.

(e) Any Tax indemnifiable under this Section shall be paid directly when due to the applicable taxing authority if direct payment is practicable and permitted. If direct payment to the applicable taxing authority is not permitted or is otherwise not made, any amount payable to a Tax Indemnatee pursuant to this Section shall be paid within thirty (30) days after receipt of a written demand therefor from such Tax Indemnatee accompanied by a written statement describing in reasonable detail the amount so payable, but not before the date that the relevant Taxes are due. Any payments made pursuant to this Section shall be made directly to the Tax Indemnatee entitled thereto or to the Lessee, as the case may be, in immediately available funds at such bank or to such account as specified by the payee in written directions to the payor, or, if no such direction shall have been given, by check of the payor payable to the order of the payee by certified mail, postage prepaid at its Address as set forth in this Participation Agreement. Upon the request of any Tax Indemnatee with respect to a Tax that the Lessee is required to pay, the Lessee shall furnish to such Tax Indemnatee the original or a certified copy of a receipt for the Lessee's payment of such Tax or such other evidence of payment as is reasonably acceptable to such Tax Indemnatee.

(f) If the Lessee knows of any report, return or statement required to be filed with respect to any Taxes that are subject to indemnification under this Section, the Lessee shall, if permitted by Applicable Law, timely file such report, return or statement (and, to the extent permitted by law, show ownership of the applicable Property in the Lessee except to the extent contrary to financial reporting requirements); provided, however, that if the Lessee is not permitted by Applicable Law or does not have access to the information required to file any such report, return or statement, the Lessee will promptly so notify the appropriate Tax Indemnitee, in which case Tax Indemnitee will file such report. In any case in which the Tax Indemnitee will file any such report, return or statement, the Lessee shall, upon written request of such Tax Indemnitee, provide such Tax Indemnitee with such information as is reasonably available to the Lessee.

(g) At the Lessee's request, the amount of any indemnity payment by the Lessee or any payment by a Tax Indemnitee to the Lessee pursuant to this Section shall be verified and certified by an independent public accounting firm selected by Lessee and reasonably acceptable to the Tax Indemnitee. Unless such verification shall disclose an error in Lessee's favor of 5% or more, the costs of such verification shall be borne by Lessee. In no event shall Lessee have the right to review the Tax Indemnitee's tax returns or receive any other confidential information from the Tax Indemnitee in connection with such verification. The Tax Indemnitee agrees to cooperate with the independent public accounting firm performing the verification and to supply such firm with all information reasonably necessary to permit it to accomplish such verification; provided, however, that the information provided to such firm by such Tax Indemnitee shall be for its confidential use. The parties agree that the sole responsibility of the independent public accounting firm shall be to verify the amount of a payment pursuant to this Participation Agreement and that matters of interpretation of this Participation Agreement are not within the scope of the independent accounting firm's responsibilities.

SECTION 7.5 [Reserved]

SECTION 7.6 END OF TERM INDEMNITY. In the event that at the end of the Lease Term (i) Lessor elects the option to reject a third party offer to purchase a Property as set forth in SECTION 15.6(xi) of the Lease and (ii) after Lessor receives the sales proceeds from the Leased Property under SECTION 15.6 or 15.7 of the Lease together with Lessee's payment of the Recourse Deficiency Amount, Lessor shall not have received the entire Lease Balance, then Lessor, the Credit Bank or the Holders may obtain, at the sole cost and expense of the Lessee, an appraisal report from the Appraiser (or if the Appraiser is not available, another appraiser reasonably satisfactory to Lessor, the Credit Bank or the Holders, as the case may be) in form and substance satisfactory to Lessor, the Credit Bank and the Holders to establish the reason for any decline in value of the Leased Property from that anticipated for such date in the appraisal delivered on the Closing Date. The Lessee shall promptly reimburse Lessor for the amount equal to such decline in value to the extent that the appraisal report delivered pursuant to the preceding sentence concludes that such decline was due to (i) extraordinary use, failure to maintain, to repair, to restore, to rebuild or to replace the Leased Property or any part thereof in a manner consistent with reasonable preservation of its value, failure to comply with all Applicable Laws, failure to use, workmanship, method of installation or removal or maintenance, repair, rebuilding or replacement, or any other cause or condition within the reasonable power of the Lessee to control or effect, in any such case resulting in the Improvement failing to be in the same condition as on the Closing Date (excepting in each case ordinary wear and

tear), (ii) any Alteration made to, or any rebuilding of, the Leased Property or any part thereof by the Lessee, (iii) any restoration or rebuilding carried out by the Lessee or any condemnation of any portion of the Leased Property pursuant to ARTICLE XI of the Lease (after taking into account any Award in respect thereof) or (iv) any use of the Leased Property or any part thereof by the Lessee other than as permitted pursuant to ARTICLE VIII of the Lease. The parties hereto acknowledge and agree that the obligation imposed upon the Lessee under this Section arises from a higher standard of maintenance of the Leased Property than that required under ARTICLE VII of the Lease and is applicable whether or not the Lessee has failed to comply with any such other obligations under the Operative Documents.

SECTION 7.7 INCREASED COSTS, ETC.

(a) CHANGES; LEGAL RESTRICTIONS. In the event that after the date hereof (i) the adoption of or any change in any law, treaty, rule, regulation, guideline or determination of a court or Governmental Authority or any change in the interpretation or application thereof by a court or Governmental Authority or (ii) compliance by the Issuer or the Credit Bank with any request or directive (whether or not having the force of law) from any central bank or other Governmental Authority:

(A) does or will subject the Issuer or the Credit Bank to any tax, duty or other charge of any kind which the Credit Bank determines to be applicable to the Letter of Credit, any of the other Operative Documents or the Letter of Credit Liabilities or the Borrower Promissory Note or any change in the basis of taxation of payments to the Credit Bank of principal, interest, invested amount, yield, fees or any other amount payable hereunder or under the Operative Documents, except for taxes imposed on or measured by the overall net income of the Issuer or the Credit Bank; or

(B) does or will impose, modify, or hold applicable, in the determination of the Issuer or the Credit Bank, any reserve, special deposit, liquidity ratio, compulsory loan, FDIC insurance or similar requirement against assets held by, or deposits or other liabilities in or for the account of, advances or loans by, commitments made, or other credit extended by, or any other acquisition of funds by, the Issuer or the Credit Bank;

and the result of any of the foregoing is to increase the cost to the Issuer or the Credit Bank of making, renewing or maintaining the Loan or the Letter of Credit or to reduce any amount receivable under the Borrower Promissory Note or the Reimbursement Agreement, and the Issuer or the Credit Bank gives the Lessee notice of any of the foregoing and the approximate amount of such cost increase within 120 days after the calendar year in which such increased costs were incurred by the Issuer or the Credit Bank, then, in any such case, the Lessee shall promptly pay to the Issuer and the Credit Bank on an After-Tax Basis, within thirty (30) days after demand made in writing by the Issuer or the Credit Bank to the Lessee, such amount or amounts (based upon an allocation thereof by the Issuer or the Credit Bank, as the case may be, to the financing transactions contemplated by the Operative Documents that were so affected by this Section) as may be reasonably necessary to compensate the Issuer or the Credit Bank, as the case may be, for any such additional cost incurred or reduced amount received. The Issuer or the Credit Bank, as the case may be, shall deliver to the Lessee a written statement of the costs or reductions claimed and the basis therefor, and the

allocation made by the Issuer or the Credit Bank, as the case may be, of such costs and reductions shall be conclusive, absent demonstrable error.

(b) CAPITAL ADEQUACY. Subject to the provisions of SECTION 8.12, if the the Credit Bank shall have determined that, after the date hereof, the adoption of any applicable law, rule or regulation regarding capital adequacy, or any change therein, or any change in the interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by the Credit Bank with any request or directive regarding capital adequacy (whether or not having the force of law) of any such Governmental Authority, central bank or comparable agency, has or would have the effect of reducing the rate of return on the Credit Bank's capital, as the case may be, as a consequence of its obligations under the Letter of Credit, to a level below that which the Credit Bank could have achieved but for such adoption, change or compliance (taking into consideration the Credit Bank's policies with respect to capital adequacy), then from time to time, within thirty (30) days after demand made in writing by the Credit Bank to the Lessee, the Lessee shall pay to the Credit Bank such additional amount or amounts as will compensate the Credit Bank for such reduction. The Credit Bank, upon determining in good faith that any additional amounts will be payable pursuant to this subsection, will give prompt written notice thereof to the Lessee which notice shall show in reasonable detail the basis for calculation of such additional amounts. Such notice shall be conclusive absent demonstrable error.

SECTION 7.8 EXCULPATION. Except for the Issuer's obligations to advance the Loan in accordance with the Operative Documents, neither the Issuer nor the Credit Bank has nor shall have any liability or obligation whatsoever or howsoever in connection with the acquisition, ownership or management of the Improvements, and neither the Issuer nor the Credit Bank is obligated to inspect the Improvements; nor is either the Issuer or the Credit Bank liable and under no circumstances whatsoever shall the Issuer or the Credit Bank be or become liable for the performance or default of any contractor or subcontractor, or for any failure to construct, complete, protect or insure the Improvements, or any part thereof, or for the payment of any cost or expense incurred in connection therewith, or for the performance or non-performance of any obligation of the Lessor or the Lessee to the Issuer, the Credit Bank or to any other person, firm or entity without limitation; and nothing, including without limitation, any disbursement of proceeds of the Loan or acceptance of any document or instrument, shall be construed as a representation or warranty, express or implied, on the Issuer's or the Credit Bank's part.

SECTION 7.9 ROLE OF ISSUER AND THE CREDIT BANK. Any term or condition hereof or of any of the other Operative Documents to the contrary notwithstanding, neither the Issuer nor the Credit Bank shall have, and by their respective execution and acceptance of this Participation Agreement hereby expressly disclaims, any obligation or responsibility for the management, conduct or operation of the Improvements or business and affairs of the Lessee and any term or condition hereof, or of any of the other Operative Documents, permitting the Issuer or the Credit Bank to disburse funds, whether from the proceeds of the Loan or otherwise, or to take or refrain from taking any action with respect to the Lessee or the Improvements shall be deemed to be solely for the benefit of the Issuer and the Credit Bank, as the case may be, and may not be relied upon by any other person. Further, neither the Issuer or the Credit Bank shall have, neither of them has assumed,

and each of them by their respective execution and acceptance of this Participation Agreement hereby expressly disclaims, any liability or responsibility for the payment or performance of any indebtedness or obligation of the Lessee or the Lessor and no term or condition hereof, or of any of the other Operative Documents, shall be construed otherwise.

SECTION 7.10 ISSUER'S AND THE CREDIT BANK'S BENEFITS. All conditions precedent to the obligation of Issuer to make the Loan, and the obligation of the Credit Bank to deliver the Letter of Credit, are imposed hereby solely for the benefit of Issuer and the Credit Bank, respectively. No party other than the Issuer and the Credit Bank may require satisfaction of any such condition precedent. No other party (including the Lessor) shall be entitled to assume that Issuer will refuse to advance the proceeds of the Loan, or that the Credit Bank will refuse to issue and deliver the Letter of Credit, in the absence of strict compliance with such conditions precedent. Any requirement of this Participation Agreement, and any requirement of the Reimbursement Agreement, may be waived by the Issuer or the Credit Bank, with respect to the making of the Loan or the delivery of the Letter of Credit, as the case may be, in whole or in part, at any time. Any requirement herein or in any other Operative Document of submission of evidence to Issuer or the Credit Bank of the existence or non-existence of a fact or condition shall be deemed, also, to be a requirement that the fact or condition shall exist or not exist, as the case may be, and without waiving any condition or obligation of the Lessee or the Lessor, the Issuer for itself and the Credit Bank for itself, may at all times independently establish to its respective satisfaction such existence or non-existence.

SECTION 7.11 LESSOR'S BENEFITS. All conditions precedent to the obligation of Lessor to invest the Contribution are imposed hereby solely for the benefit of Lessor. No party other than the Lessor may require satisfaction of any such condition precedent. No party other than the Credit Bank shall be entitled to direct Lessor to refuse to make any Contribution in the absence of strict compliance with such conditions precedent. Any requirement of this Participation Agreement and any requirement of Operative Documents may be waived by Lessor, in whole or in part, at any time, subject to the Credit Bank's rights under the Assignment of Lease and Rents and the other Operative Documents. Any requirement herein or in any other Operative Document of submission of evidence to Lessor of the existence or non-existence of a fact shall be deemed, also, to be a requirement that the fact shall exist or not exist, as the case may be, and without waiving any condition or obligation of the Lessee, Lessor may at all times independently establish to its satisfaction such existence or non-existence.

SECTION 8 MISCELLANEOUS

SECTION 8.1 SURVIVAL OF AGREEMENTS. The indemnities of the parties provided for in SECTION 7 of this Participation Agreement, shall survive the termination or expiration of this Participation Agreement and any of the other Operative Documents (including, without limitation, the termination of the Lease pursuant to SECTION 15.7 thereof in connection with the Lessee's payment of the Recourse Deficiency Amount), and any disposition of any interest of the Lessor or the Issuer in the Leased Property and shall be and continue in effect thereafter for the period of the applicable statute of limitations notwithstanding any investigation made by any party hereto or to any of the other Operative Documents and the fact that any such party may waive compliance with any of the other terms, provisions or conditions of any of the Operative Documents.

SECTION 8.2 NOTICES. Unless otherwise specified herein or in an applicable Operative Document, it shall, for purposes of this Participation Agreement and the other Operative Documents, be sufficient service or giving of any notice, request, complaint, demand, instruction or other instrument or document to any Person, if it is in writing to the Address set forth below. Any notice given by telecopy or facsimile transmission shall be deemed given when sent provided confirmed by a nationally recognized overnight courier service. Any notice given by mail shall be sent by registered or certified mail, return receipt requested and shall be deemed to have been given when so sent. Any notice sent by any party hereto under the Operative Documents shall also be sent to the other parties to this Participation Agreement. The parties hereto may designate, by notice given to each of the other parties, any further or different addresses than those set forth below to which subsequent notices shall be sent. For purposes of the Operative Documents (but subject to the preceding sentence), the Address of the Lessee, the Issuer, the Lessor and the Credit Bank is as follows:

- (i) The Lessee: ADESA Corporation
Two Parkwood Crossing
310 E. 96th Street
Indianapolis, Indiana 46240
Attention:
William T. Stackhouse,
Chief Financial Officer
Facsimile: (317) 815-0500
Telephone: (317) 815-3606
and
Karen C. Turner, Esq.,
Vice President and General Counsel
Facsimile: (317) 815-0500
Telephone: (317) 815-1100
- (ii) Issuer: Cornerstone Funding Corporation I
C/O Andrew Service Corporation
Suite 1300
41 South High Street
Columbus, Ohio 43215
Attention: Robert F. Gage, President
Facsimile: (614) 365-2499

Telephone: (614) 365-2766

- (iii) Lessor: Asset Holdings III, L.P.
C/O Andrew Service Corporation
Suite 1300
41 South High Street
Columbus, Ohio 43215
Attention: Robert F. Gage, President
Facsimile: (614) 365-2499

Telephone: (614) 365-2766

(iv) Credit Bank: SunTrust Bank
10 West Market Street, 4th Floor
Indianapolis, Indiana 46204
Attention: Christopher A. Black, Director
Facsimile: (317) 464-5249
Telephone: (317) 464-5248

SECTION 8.3 COUNTERPARTS. This Participation Agreement may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto or thereto be contained on any one counterpart hereof or thereof. Additionally, the parties hereto agree that for purposes of facilitating the execution of this Participation Agreement, (a) the signature pages taken from the separate individually executed counterparts of this Participation Agreement may be combined to form multiple fully executed counterparts and (b) a facsimile transmission shall be deemed to be an original signature for all purposes. All executed counterparts of this Participation Agreement shall be deemed to be originals, but all such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

SECTION 8.4 AMENDMENTS. No Operative Document nor any of the terms thereof may be terminated, amended, supplemented, waived or modified with respect to any party thereto except with the prior written consent of such party thereto and, in all cases, the Issuer, the Credit Bank, and the Lessee. If and to the extent that this Participation Agreement, the Reimbursement Agreement, the Borrower Promissory Note, the Lease, the Assignment of Lease and Rents or the Mortgages constitutes an amendment, supplement, termination, waiver or other modification to any Operative Document, each of the parties hereto, by its execution of this Participation Agreement, shall be deemed to have given its written consent to such amendment supplement, termination, waiver or other modification.

SECTION 8.5 HEADINGS, ETC. The Table of Contents and headings of the various Sections of this Participation Agreement are for convenience of reference only and shall not modify, define, expand or limit any of the terms or provisions hereof.

SECTION 8.6 PARTIES IN INTEREST. Except as expressly provided herein, none of the provisions of this Participation Agreement is intended for the benefit of any Person except the parties hereto, their successors and their permitted assigns.

SECTION 8.7 GOVERNING LAW. THIS PARTICIPATION AGREEMENT HAS BEEN DELIVERED IN, AND SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA APPLICABLE TO AGREEMENTS MADE AND TO BE PERFORMED ENTIRELY WITHIN SUCH STATE, INCLUDING ALL MATTERS OF CONSTRUCTION, VALIDITY AND PERFORMANCE.

SECTION 8.8 NO RECOURSE. No recourse shall be had for any claims under this Participation Agreement against any of the partners of the Lessor, Cornerstone Capital Corporation,

or any of their Affiliates, or any of their respective organizers, incorporators, shareholders, officers, managers, members, partners or directors, past, present or future, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by acceptance hereof and as part of the consideration for the acceptance hereof, expressly waived and released.

SECTION 8.9 EXPENSES.

(a) EXPENSES OF LESSOR, ISSUER, NOTE TRUSTEE OR THE CREDIT BANK. The reasonable fees, expenses and disbursements (including reasonable counsel fees) of the Lessor, the Issuer, the Note Trustee and the Credit Bank incurred in connection with the preparation, issuance, delivery, filing and recording of this Agreement and the other Operative Documents and the Note Documents, and all such fees, expenses and disbursements incurred from and after the Closing Date (including all costs associated with the release and termination of the Operative Documents and the Note Documents in accordance with the terms thereof) shall be paid by the Lessee as Supplemental Rent upon demand therefor by the Lessor, the Issuer, the Note Trustee or the Credit Bank, as the case may be. In addition, the Lessee shall pay all costs and expenses in connection with the enforcement of this Agreement and the other Operative Documents, the Note Documents, and the other agreements and documents which may be delivered in connection with this Agreement and the Operative Documents. In addition, the Lessee shall pay any and all stamp and other taxes and fees payable or determined to be payable by the Credit Bank in connection with the execution, delivery, filing and recording of the Lease and any of the other Operative Documents, and the Note Documents, and the Lessee agrees to save the Lessor, the Issuer, the Note Trustee and the Credit Bank harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

(b) WAIVERS, CONSENTS, AMENDMENTS AND SUPPLEMENTS. The Lessee agrees to pay all reasonable and documented out-of-pocket costs and expenses of the Lessor, the Credit Bank, the Issuer and the Note Trustee in connection with waivers or consents under, or the amendment or supplementing of, the Operative Documents, the Note Documents and the documents and instruments referred to therein (including, without limitation, the fees and disbursements of counsel for the Lessor, the Issuer, the Note Trustee and the Credit Bank).

SECTION 8.10 SEVERABILITY. Any provision of this Participation Agreement that is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 8.11 SUBMISSION TO JURISDICTION; WAIVERS. Subject to the provisions of SECTION 8.15 hereof, each party hereto hereby irrevocably and unconditionally (i) submits for itself and its property in any legal action or proceeding relating to this Participation Agreement or any other Operative Document, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Georgia, the courts of the United States of America for the Northern District of Georgia and appellate courts from any thereof, (ii)

consents that any such action or proceedings may be brought to such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth in SECTION 8.2 or at such other address of which the other parties hereto shall have been notified pursuant to SECTION 8.2 and (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law. EACH PARTY, TO THE EXTENT PERMITTED BY LAW, HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG OR BETWEEN THE PARTIES HERETO ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES IN CONNECTION WITH THIS PARTICIPATION AGREEMENT, ANY OTHER OPERATIVE DOCUMENT OR ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HERewith OR THE TRANSACTIONS RELATED HERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE CREDIT BANK'S ABILITY TO PURSUE ANY REMEDIES CONTAINED IN THIS PARTICIPATION AGREEMENT, THE OTHER OPERATIVE DOCUMENTS OR ANY OTHER AGREEMENT OR DOCUMENT RELATED HERETO. THIS PROVISION IS A MATERIAL INDUCEMENT TO CREDIT BANK TO ISSUE THE LETTER OF CREDIT PURSUANT TO THE REIMBURSEMENT AGREEMENT.

SECTION 8.12 REPRODUCTION OF DOCUMENTS. The parties hereto agree and stipulate that, to the extent permitted by applicable law, any reproduction of this Participation Agreement or other Operative Documents (except the Borrower Promissory Note) shall be admissible in evidence as the original itself in any judicial or administrative proceeding (whether or not the original is in existence and whether or not such reproduction was made in the regular course of business) and any enlargement, facsimile or further reproduction of such reproduction shall likewise be admissible in evidence. This SECTION 8.12 shall not prohibit any party hereto from contesting any such reproduction to the same extent that it could contest the original, or from introducing evidence to demonstrate the inaccuracy of any such reproduction.

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IN WITNESS WHEREOF, the parties hereto have each caused this Participation Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

ADESA CORPORATION, as the Lessee

W. T. Stackhouse

William T. Stackhouse
Chief Financial Officer

ASSET HOLDINGS III, L.P., as the Lessor

By Realty Facility Holdings I, L.L.C.,
an Ohio limited liability company,
its general partner

Robert F. Gage

Robert F. Gage, President

CORNERSTONE FUNDING CORPORATION I
as the Issuer

By: Robert F. Gage

Name: Robert F. Gage

Title: President

SUNTRUST BANK, as the Credit Bank

By: C A Black

Name: Christopher A Black

Title: VP & Director

APPENDIX I
TO
PARTICIPATION AGREEMENT, LEASE AGREEMENT AND REIMBURSEMENT AGREEMENT

DEFINITIONS AND INTERPRETATION

[See separate text]

APPENDIX II
FORM OF FUNDING REQUISITION

[Date]

Fifth Third Bank.

SunTrust Bank

Cornerstone Funding Corporation I

Asset Holdings III, L.P

Re: Instructions for disbursement of proceeds of Loan and Contribution under that certain Participation Agreement, dated as of March 31, 2000 (the "Participation Agreement"), by and among Asset Holdings III, L.P., as Lessor (the "Lessor"), ADESA Corporation, as Lessee (the "Lessee"), SunTrust Bank, as Credit Bank (the "Credit Bank"), and Cornerstone Funding Corporation I, as Issuer (the "Issuer")

Pursuant to Section 2.2(b) of the Participation Agreement, the Lessee hereby submits this irrevocable Funding Requisition (all terms not defined herein shall have the meanings given in the Participation Agreement) and requests and authorizes:

- (i) the Issuer to instruct the Note Trustee to disburse the Loan of the proceeds of the sale of the Notes, in the aggregate sum of \$28,373,000, to the Persons, in the amounts and according to the wiring and payment instructions set forth on Schedule A attached hereto, and
- (ii) the Lessor to pay, or order the payment of, the proceeds of the Contribution, in the aggregate sum of \$877,515.46, to the Persons, in the amounts and according to the wiring and payment instructions set forth on Schedule B attached hereto:

Very truly yours,

ADESA Corporation

By: _____

Name: _____

Title: -----

The Issuer hereby instructs the Note Trustee to disburse the Loan of the proceeds of sale of the Notes to the Persons, in the amounts and according to the wiring and payment instructions set forth on Schedule A attached hereto.

Cornerstone Funding Corporation I

By: -----

Dated April 3, 2000.

Robert F. Gage, President

The Lessor hereby instructs SunTrust Bank to pay the sum of \$877,515.46 in the amounts and according to the wiring and payment instructions set forth on Schedule A attached hereto.

Asset Holdings III, L.P.
By: Realty Facility Holdings I, L.L.C.,
General Partner,

By: -----

Dated: April 3, 2000

Robert F. Gage, President

SCHEDULE A

[List disbursements of Note proceeds]

SCHEDULE B

[List disbursements of Contribution Proceeds].

EXHIBIT A
Form of Lease

A-1

EXHIBIT B

Form of Reimbursement Agreement

B-1

EXHIBIT C

Form of Borrower Promissory Note

C-1

EXHIBIT D
Form of Guaranty

D-1

EXHIBIT E-1

[Lessee and Guarantor Counsel Letterhead]

E-1-1

EXHIBIT E-2

Form of Opinion of Counsel to the Lessor

E-2-1

EXHIBIT F
Form of Mortgage

F-1

EXHIBIT G

Form of Assignment of Lease and Rents

G-1

EXHIBIT H

Form of Non-Disturbance and Attornment Agreement

H-1

SCHEDULE I

FINANCIAL COVENANTS OF LESSEE

SCHEDULE I

SCHEDULE I

I. Covenants

(a) MAXIMUM TOTAL FUNDED DEBT TO EBITDA RATIO. Maintain, as of the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending December 31, 1999, a Total Funded Debt to EBITDA Ratio of not greater than 2.75:1.00.

(b) MINIMUM FIXED CHARGE COVERAGE RATIO. Maintain, as of the last day of each Fiscal Quarter, commencing with the Fiscal Quarter ending December 31, 1999, a Fixed Charge Coverage Ratio of not less than 1.30:1.0.

(c) MINIMUM NET WORTH. Maintain at all times a Net Worth of not less than \$303,000,000 with such minimum amount to be permanently increased at the end of each Fiscal Quarter, commencing with the Fiscal Quarter ending on March 31, 2000, by an amount equal to fifty percent (50%) of Net Income for such Fiscal Quarter; PROVIDED, HOWEVER, in the event that Consolidated Companies suffer a net loss for any Fiscal Quarter, Net Income shall be deemed to be \$0 for such Fiscal Quarter, so that in no event shall Net Worth at the end of any Fiscal Quarter be less than that required at the end of the preceding Fiscal Quarter.

II. Definitions (add to Appendix I)

"Amortization" shall mean, for any period, amortization expense of the Consolidated Companies determined on a consolidated basis in accordance with GAAP.

"Capital Lease" shall mean, as applied to any Person, any lease of any Asset by that Person as lessee which, in accordance with GAAP, is or should be accounted for as a capital lease on the balance sheet of that Person.

"CONSOLIDATED COMPANIES" shall mean, collectively, Lessee and all of its Subsidiaries, if any, and "Consolidated Company" shall mean, individually, Lessee or any of its Subsidiaries, if any.

"Consolidated Lease Expense" shall mean rental expense under Operating Leases of the Consolidated Companies on a consolidated basis for the applicable period, as determined in accordance with GAAP. Except as expressly provided otherwise, the applicable period shall be for the four consecutive Fiscal Quarters ending as of the date of determination.

"CURRENCY CONTRACTS" shall mean any forward contracts, futures contracts, foreign exchange contracts, currency swap agreements, and other similar agreements and arrangements entered into by any Consolidated Company designed to protect any Consolidated Company against fluctuations in foreign exchange rates.

"DEPRECIATION" shall mean, for any period, depreciation expense of the Consolidated Companies determined on a consolidated basis in accordance with GAAP.

"EBITDA" shall mean, for any period, an amount equal to the sum of (i) Net Income (Loss) for such period plus (ii) to the extent deducted in determining Net Income (Loss) for such period, (A) Interest Expense, (B) Taxes, (C) Depreciation, (D) Amortization and (E) all other non-cash charges determined on a consolidated basis in accordance with GAAP, in each case for such period.

"FISCAL QUARTER" shall mean a fiscal quarter of Lessee.

"FIXED CHARGE COVERAGE RATIO" shall mean, as of any date of determination, the ratio of (a) the sum of (i) EBITDA measured for the four consecutive Fiscal Quarters ending on such date, or if such date of determination is not the last day of any Fiscal Quarter, then ending immediately prior to such date of determination, plus (ii) Consolidated Lease Expense, to (b) the sum of (i) the current maturities of all Long Term Indebtedness scheduled during the four consecutive Fiscal Quarters immediately following the Fiscal Quarter in which such date occurs, PLUS (ii) Consolidated Lease Expense, plus (iii) Interest Expense measured for the four consecutive Fiscal Quarters ending on such date, or if such date of determination is not the last day of any Fiscal Quarter, then ending immediately prior to such date of determination; PROVIDED, HOWEVER, that for each of the three Fiscal Quarters ending immediately after the Closing Date, calculation of the Interest Expense component of EBITDA and the Interest Expense referred to in clause (b)(ii) above shall be made for the period commencing on the Closing Date and ending on the last day of such Fiscal Quarter, divided by the number of days in such period and multiplied by 365.

"GAAP" shall mean generally accepted accounting principles set forth in the opinions and pronouncements of the Accounting Principles Board of the American Institute of Certified Public Accountants and statements and pronouncements of the Financial Accounting Standards Board or in such other statements by such other entity as may be approved by a significant segment of the accounting profession, which are applicable to the circumstances as of the date of determination.

"GUARANTY" shall mean any contractual obligation, contingent or otherwise, of a Person with respect to any Indebtedness or other obligation or liability of another Person, including without limitation, any such Indebtedness, obligation or liability directly or indirectly guaranteed, endorsed, co-made or discounted or sold with recourse by that Person, or in respect of which that Person is otherwise directly or indirectly liable, including contractual obligations (contingent or otherwise) arising through any agreement to purchase, repurchase, or otherwise acquire such Indebtedness, obligation or liability or any security therefor, or any agreement to provide funds for the payment or discharge thereof (whether in the form of loans, advances,

stock purchases, capital contributions or otherwise), or to maintain solvency, assets, level of income, or other financial condition, or to make any payment other than for value received. The amount of any Guaranty shall be deemed to be an amount equal to the stated or determinable amount of the primary obligation in respect of which guaranty is made or, if not so stated or determinable, the maximum reasonably anticipated liability in respect thereof (assuming such Person is required to perform thereunder) as determined by such Person in good faith.

"INDEBTEDNESS" of any Person shall mean, without duplication (a) all obligations of such Person for borrowed money; (b) all obligations of such Person evidenced by bonds, debentures, notes, drafts, bankers' acceptances or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade accounts payable incurred in the ordinary course of business that are not past due by more than ninety (90) days), (d) all obligations of such Person under leases required to be capitalized under GAAP, (e) all obligations or liabilities of others secured by any Lien upon property owned by such Person whether or not such obligation or liability is assumed, (f) all obligations of such Person under Interest Rate Contracts or Currency Contracts, (g) all obligations of such Person in respect of letters of credit issued for its account (including all contingent reimbursement obligations, whether or not any draws under such letters of credit have been presented for payment) and all drafts, bankers' acceptances or similar instruments issued in connection therewith, (h) all Guaranties of such Person of the type of Indebtedness described above, but excluding all items of shareholders' equity or capital stock or surplus or general contingency or deferred tax reserves), (i) the purchase price for any asset leased to such Person pursuant to a Synthetic Lease that such Person would have to pay to acquire the asset at the end of the term of the Synthetic Lease, and (j) all other obligations and liabilities of such Person that are required by GAAP to be shown as liabilities on a balance sheet of such Person (other than reserves required under GAAP).

"INTEREST EXPENSE" shall mean, for any period, all interest expense of the Consolidated Companies (including without limitation, interest expense attributable to capitalized leases in accordance with GAAP, all capitalized interest, all commissions, discounts and other fees and charges owed with respect to bankers acceptance financing, and total interest expense (whether shown as interest expense or as loss and expenses on sale of receivables) under a receivables purchase facility) determined on a consolidated basis in accordance with GAAP.

"INTEREST RATE CONTRACTS" shall mean any forward contracts, futures contracts, interest rate exchange agreements, interest rate cap agreements, interest rate collar agreements, and other similar agreements and arrangements entered into by any Consolidated Company designed to protect any Consolidated Company against fluctuations in interest rates.

"LIEN" shall mean any mortgage, pledge, security interest, lien, charge, hypothecation, assignment, deposit arrangement, title retention, preferential right, trust or other arrangement having the practical effect of the foregoing and shall include the interest of a vendor or lessor under any conditional sale agreement, capitalized lease or other title retention agreement.

"LONG TERM INDEBTEDNESS" shall mean (a) all Indebtedness which at the time of incurrence or issuance, has a final maturity or term greater than one year or which is renewable

at the option of the obligor thereof for a term of greater than one year from the date of original incurrence or issuance or (b) Indebtedness which at the time of incurrence or issuance has a final maturity or term of less than one year and which is intended to be repaid out of proceeds of other Long Term Indebtedness.

"NET INCOME (LOSS)" shall mean, for any period, the net income (or loss), after deducting all operating expenses, provisions for taxes and reserves (including reserves for deferred income tax) and all other proper deductions, of the Consolidated Companies for such period (taken as a single accounting period) determined on a consolidated basis in conformity with GAAP, including any income or loss of any Person accrued prior to the date such Person becomes a Subsidiary of any Consolidated Company or is merged into or consolidated with any Consolidated Company or all or substantially all of such Person's assets are acquired by any Consolidated Company, but excluding therefrom (to the extent otherwise included therein) (i) any extraordinary items, and (ii) any equity interest of the Consolidated Companies in the unremitted earnings of any Person that is not a Subsidiary.

"NET WORTH" shall mean, as of any date, total stockholders' equity of Lessee and its Subsidiaries determined on a consolidated basis.

"OPERATING LEASE" shall mean, as applied to any Person, any lease (including, without limitation, leases which may be terminated by the lessee at any time) of any Asset which is not a Capital Lease other than any such lease in which that Person is the lessor.

"SUBSIDIARY" shall mean, with respect to any Person, any corporation or other entity (including, without limitation, partnerships, joint ventures, and associations) regardless of its jurisdiction of organization or formation, at least a majority of the total combined voting power of all classes of voting stock or other ownership interests of which shall, at the time as of which any determination is being made, be owned by such Person, either directly or indirectly through one or more other Subsidiaries.

"SYNTHETIC LEASE" shall mean a so-called "synthetic" lease that is not treated as a capital lease under GAAP, but that is treated as a financing under the Tax Code.

"TAX CODE" shall mean the Internal Revenue Code of 1986, as amended and in effect from time to time.

"TAXES" shall mean, for any period, any provision made by any of the Consolidated Companies in respect of such period for income taxes or other taxes payable by any Consolidated Company in respect of its income or profits.

"TOTAL FUNDED DEBT" shall mean all outstanding Indebtedness of the Consolidated Companies measured on a consolidated basis.

"TOTAL FUNDED DEBT TO EBITDA RATIO" shall mean, as of any date of determination, the ratio of (i) Total Funded Debt as of such date to (ii) EBITDA measured for the

four Fiscal Quarter period ending on such date, or if such date is not the last day of any Fiscal Quarter, then ending immediately prior to such date.

LEASE AGREEMENT

Dated as of March 31, 2000

between

ASSET HOLDINGS III, L.P.,
an Ohio limited liability company, as the Lessor

and

ADESA CORPORATION,
an Indiana corporation, as the Lessee,

for

THE CHARLOTTE PROPERTY,
located in Mecklenburg County, North Carolina;

THE FRAMINGHAM PROPERTY
located in Middlesex County, Massachusetts; and

THE KNOXVILLE PROPERTY,
located in Loudon County, Tennessee

Lease Financing Program
For ADESA Corporation and Subsidiaries
Auto Auction Facilities

TABLE OF CONTENTS
(Lease Agreement)

	Page
ARTICLE I	DEFINITIONS; INTERPRETATION.....1
ARTICLE II	LEASE OF PROPERTY.....2
	SECTION 2.1 Lease of Leased Property.....2
	SECTION 2.2 [Reserved].....2
	SECTION 2.3 Other Leased Property.....2
	SECTION 2.4 Nature of Transaction.....2
ARTICLE III	[RESERVED].....2
ARTICLE IV	RENT.....3
	SECTION 4.1 Basic Rent.....3
	SECTION 4.2 Supplemental Rent.....3
	SECTION 4.3 Method of Payment.....4
	SECTION 4.4 Late Payment.....4
	SECTION 4.5 Net Lease; No Setoff, Etc.....4
	SECTION 4.6 The Lessee to Cooperate with Lessor.....5
ARTICLE V	CONDITION AND USE OF PROPERTY.....6
ARTICLE VI	LIENS; EASEMENTS; PARTIAL CONVEYANCES.....6
ARTICLE VII	MAINTENANCE AND REPAIR; ALTERATIONS, MODIFICATIONS AND ADDITIONS.....7
	SECTION 7.1 Maintenance and Repair; Compliance With Law.....7
	SECTION 7.2 Alterations.....8
	SECTION 7.3 Title to Alterations.....9
ARTICLE VIII	USE.....9
ARTICLE IX	INSURANCE.....9
	SECTION 9.1 Insurance Coverages.....9
	SECTION 9.2 Liability Insurance.....10
	SECTION 9.3 Policies.....10
	SECTION 9.4 Loss Payee Provisions.....11
	SECTION 9.5 Other Insurance.....11
	SECTION 9.6 Loss Deductibles.....11
	SECTION 9.7 Failure to Maintain Insurance.....11
ARTICLE X	ASSIGNMENT AND SUBLEASING.....12
ARTICLE XI	LOSS, DESTRUCTION, CONDEMNATION OR DAMAGE.....12
	SECTION 11.1 Event of Loss.....12

SECTION 11.2	Event of Taking.....	13
SECTION 11.3	Casualty.....	14
SECTION 11.4	Condemnation.....	14
SECTION 11.5	Verification of Restoration and Rebuilding.....	14
SECTION 11.6	Application of Payments.....	15
SECTION 11.7	Prosecution of Awards.....	16
SECTION 11.8	Application of Certain Payments Not Relating to an Event of Taking.....	16
SECTION 11.9	Other Dispositions.....	16
SECTION 11.10	No Rent Abatement.....	17
ARTICLE XII	INTEREST CONVEYED TO LESSEE.....	17
ARTICLE XIII	EVENTS OF DEFAULT.....	19
ARTICLE XIV	ENFORCEMENT.....	20
SECTION 14.1	Remedies.....	20
SECTION 14.2	Remedies Cumulative; No Waiver; Consents.....	23
ARTICLE XV	SALE, RETURN OR PURCHASE OF PROPERTY.....	23
SECTION 15.1	Lessee's Option to Purchase.....	23
SECTION 15.2	Extension; Purchase Obligation.....	24
SECTION 15.3	Acceleration of Purchase Obligation.....	25
SECTION 15.4	Determination of Purchase Price.....	25
SECTION 15.5	Purchase Procedure.....	25
SECTION 15.6	Option to Remarket.....	26
SECTION 15.7	Rejection of Sale.....	29
SECTION 15.8	Return and Surrender of Leased Property.....	30
SECTION 15.9	Effect of Conveyance to the Lessee.....	30
ARTICLE XVI	LESSEE'S EQUIPMENT.....	30
ARTICLE XVII	RIGHT TO PERFORM FOR LESSEE.....	31
ARTICLE XVIII	MISCELLANEOUS.....	31
SECTION 18.1	Reports.....	31
SECTION 18.2	Binding Effect; Successors and Assigns.....	31
SECTION 18.3	Quiet Enjoyment.....	32
SECTION 18.4	Notices.....	32
SECTION 18.5	Severability.....	32
SECTION 18.6	Amendment; Complete Agreements.....	32
SECTION 18.7	Construction.....	32
SECTION 18.8	Headings.....	32
SECTION 18.9	Counterparts.....	32
SECTION 18.10	Governing Law.....	33
SECTION 18.11	Discharge of Lessee's Obligations by its Affiliates.....	33
SECTION 18.12	Liability of Lessor Limited.....	33

SECTION 18.13 Estoppel Certificates.....34
SECTION 18.14 No Joint Venture.....34
SECTION 18.15 No Accord and Satisfaction.....34
SECTION 18.16 No Merger.....34
SECTION 18.17 Survival.....34
SECTION 18.18 Original Lease; Chattel Paper.....35
SECTION 18.19 Time of Essence.....35
SECTION 18.20 Recordation of Memorandum of Lease.....35

APPENDIX I Definitions and Interpretation
APPENDIX II Description of Leased Property
APPENDIX III Schedule of Basic Rent

LEASE AGREEMENT

THIS LEASE AGREEMENT (this "LEASE"), dated as of March 31, 2000, is between ASSET HOLDINGS III, L.P., a limited partnership organized under the laws of the State of Ohio, as the Lessor, and ADESA CORPORATION, a corporation organized under the laws of the State of Indiana, as the Lessee.

PRELIMINARY STATEMENT

The Lessor holds fee simple title to the Land as described, respectively, on Schedules 1, 2 and 3 of APPENDIX II hereto, together with the Improvements located thereon (together, the "LEASED PROPERTY"), and, pursuant to the Participation Agreement and the other Operative Documents, and at the request of the Lessee, (i) the Lessor has agreed to refinance certain indebtedness encumbering the Properties, (ii) the Lessor has agreed to lease and demise the Leased Property to the Lessee under this Lease, and the Lessee has agreed to rent and hire the Leased Property from the Lessor hereunder, (iii) the Lessor has reserved and provided for, and the Lessee has agreed to pay, Basic Rent under this Lease in an aggregate amount sufficient to pay the debt service incurred in connection with the refinancing of such indebtedness, (iv) in order to refinance the indebtedness encumbering the Properties and pay all related Leased Property Costs, (a) the Lessor has made arrangements to borrow funds from the Issuer under a loan in the amount of \$28,373,000 (raised through the issuance and sale of the Issuer's Series 2000A Floating Rate Notes (the "NOTES") in the aggregate principal amount of \$28,373,000) and (b) the Lessor has reorganized and recapitalized its partnership interests and has incurred, both previously and currently, Property Costs in the aggregate sum of \$877,515.46 (the "CONTRIBUTION") for which it has not been reimbursed or repaid, and (v) pursuant to the Reimbursement Agreement, the Credit Bank has agreed to issue the Letter of Credit to the Note Trustee to provide for the payment of required debt service under, and the remarketing of, the Notes, and the Lessor has agreed to pay all fees required for the maintenance of the Letter of Credit and to reimburse the Issuer for all Drawings under the Letter of Credit and all Letter of Credit Liabilities incurred in connection therewith.

NOW, THEREFORE, in consideration of the mutual agreements contained in this Lease and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

ARTICLE I DEFINITIONS; INTERPRETATION

Unless the context shall otherwise require, capitalized terms used and not defined herein shall have the meanings assigned thereto in APPENDIX I hereto for all purposes hereof and the rules of interpretation set forth in APPENDIX I hereto shall apply to this Lease.

ARTICLE II
LEASE OF PROPERTY

SECTION 2.1 LEASE OF LEASED PROPERTY. Subject to the terms, conditions and provisions of this Lease and the other Operative Documents, the Lessor hereby demises and leases the Lessor's interest in the Leased Property to the Lessee and the Lessee does hereby rent and lease the Lessor's interest in the Leased Property from the Lessor, for and during the Lease Term.

SECTION 2.2 [RESERVED].

SECTION 2.3 OTHER LEASED PROPERTY. The Lessee may from time to time own or hold under lease from Persons other than the Lessor furniture, trade fixtures and equipment located on or about the Leased Property that is not subject to this Lease.

SECTION 2.4 NATURE OF TRANSACTION. It is the intent of the parties hereto that: (a) for financial accounting purposes this Lease constitutes an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended; (b) for purposes of commercial, real estate, bankruptcy and federal, state and local income tax law, the transaction contemplated by this Lease is a financing arrangement and shall be treated as the repayment and security provisions of a loan by the Lessor to the Lessee, and that all payments of Basic Rent during the Lease Term shall be treated as payments of interest and principal, as the case may be, in respect of such loan; (c) if a bankruptcy court or other court of competent jurisdiction shall at any time determine that the transactions represented by this Lease and the other Operative Documents do not constitute a true leasing transaction, then in any such event, this Lease shall be treated as a deed of trust and security agreement, a mortgage and security agreement or other similar instrument granting a lien and security interest, with a power of sale from the Lessee, as mortgagor or grantor, to the Lessor as mortgagee or grantee, encumbering the Leased Property, to secure the Lessee's performance under and payment of all amounts at any time due or payable under this Lease and the other Operative Documents, and the payment by the Lessee of Basic Rent shall be treated as payments of interest and the payment by the Lessee of any amounts in respect of the Lease Balance shall be treated as repayments of principal (all such payments being obligatory and to the fullest extent permitted by law, shall have priority over any and all mechanics' liens and other liens and encumbrances arising after each Memorandum of Lease is recorded; PROVIDED, HOWEVER, that the maximum amount of unpaid indebtedness secured hereby, exclusive of interest and the Distributions, which may be outstanding at any time shall be \$29,250,515 and (d) the Mortgages and the Assignment of Lease and Rents shall and hereby do create a lien and security interest in the Collateral (as defined in each Mortgage) and this Lease, subject to the Excluded Rights and to exceptions, if any, set forth in each such Mortgage.

ARTICLE III
[RESERVED]

ARTICLE IV
RENT

SECTION 4.1

(a) BASIC RENT. Basic Rent shall consist of Facility Rent and Credit Rent payable by the Lessee on each Rent Payment Date (except the Lease Termination Date) in the respective installments set forth in PARAGRAPHS (b) and (c) of this SECTION 4.1. The Lessee shall pay the installment of Basic Rent due and payable on the Lease Termination Date in the amount specified in PARAGRAPH (ii) of APPENDIX III hereto.

(b) FACILITY RENT. The Lessee shall pay Facility Rent in installments on each Rent Payment Date in the respective amounts set forth in APPENDIX III hereto. The first Rent Payment Date shall be the last Business Day of the calendar month in which the Closing Date occurs, and each subsequent Rent Payment Date shall be the last Business Day of each successive month during the Lease Term, PROVIDED THAT the Lease Termination Date shall be a Rent Payment Date regardless of whether it falls on the last Business Day of a month.

(c) CREDIT RENT. The Lessee shall pay Credit Rent in installments on each Rent Payment Date in an amount equal to the sum of the following amounts (but without duplication): (i) all Principal, Interest and Program Expense Drawings to be made on the immediately following Interest Payment Date, (ii) all Principal, Interest and Program Expense Drawings which have not been reimbursed pursuant to the Reimbursement Agreement, (iii) all accrued and unpaid interest with respect to Drawings, including Remarketing Drawings, then due and payable, or to become due and payable on the immediately following Interest Payment Date under the Reimbursement Agreement, (iv) all Letter of Credit Fees and other Program Expenses then due and payable, and to become due and payable on the immediately following Interest Payment Date under the Reimbursement Agreement, (v) any other amounts then due and payable, and to become due and payable on the immediately following Interest Payment Date, by the Lessor under SECTION 2.03 of the Reimbursement Agreement, (vi) all other Letter of Credit Liabilities then due and payable, and to become due and payable on the immediately following Interest Payment Date under the Reimbursement Agreement and (vii) all amounts then due and payable, and to become due and payable on the immediately following Interest Payment Date under the Borrower Promissory Note (exclusive of the amount to be paid thereunder through Principal and Interest Drawings under the Letter of Credit on the immediately following Interest Payment Date).

SECTION 4.2 SUPPLEMENTAL RENT. The Lessee shall pay to the Lessor, or to whomever shall be entitled thereto as expressly provided herein or in any other Operative Document or in the Facilitation Agreement dated the date hereof between the Lessee, the Lessor and Cornerstone Capital Corporation (the "Facilitation Agreement"), any and all Supplemental Rent promptly as the same shall become due and payable. In particular, the Lessee agrees to pay to the Lessor or its designee as Supplemental Rent (i) on the Closing Date and on April 1st of each succeeding year during the Lease Term, the annual Facilitation Fee, (ii) amounts necessary to reimburse the Lessor for reasonable legal fees and expenses in connection with the transactions contemplated by the Operative Documents; (iii) such other fees, expenses and amounts as shall become payable by the

Lessor from time to time under the Operative Documents, including, without limitation, the fees and expenses of the Rating Services with respect to the Notes, the fees and expenses of the Lessor; the fees and expenses of the Issuer payable from time to time under the Participation Agreement, the fees and expenses of the Note Trustee with respect to its services related to the Notes under the Note Indenture and the fees and expenses of the Placement Agent and the Remarketing Agent, payable from time to time, respectively, under the Placement Agreement and the Remarketing Agreement; and (iv) such other amounts as the Lessor and the Lessee shall from time to time mutually agree upon. In the event of any failure on the part of the Lessee to pay any Supplemental Rent, which failure constitutes an Event of Default, the Lessor shall have all rights, powers and remedies provided for herein or by law or in equity or otherwise in the case of nonpayment of Basic Rent. All Supplemental Rent to be paid pursuant to this Section shall be payable in the type of funds and in the manner set forth in SECTION 4.3 hereof. Without limitation of the foregoing in any respect, Lessee's indemnification obligations set forth in SECTION 7 of the Participation Agreement, including, without limitation, Lessee's obligation to pay and indemnify the Lessor and each Tax Indemnitee against all Taxes with respect to the Leased Property, shall constitute and be payable as Supplemental Rent hereunder.

SECTION 4.3 METHOD OF PAYMENT. All Basic Rent shall be paid by the Lessee directly to the Credit Bank, which shall in turn apply such amounts (i) to reimburse amounts due under the Reimbursement Agreement for Drawings previously made, or to be made on the next Business Day, under the Letter of Credit, and (ii) on behalf of the Lessor in respect of Distributions then due, to the extent of such payment of Basic Rent. All Supplemental Rent (including amounts due under ARTICLE XV hereof) payable to the Lessor (excluding amounts payable with respect to the Excluded Rights, which shall be payable to the Lessor or such other recipient as appropriate) shall be payable by the Lessee directly to the Credit Bank, which shall, so long as no Loan Event of Default shall have occurred and remain outstanding, pay such amounts to the order of the Lessor. All Supplemental Rent payable to Persons other than the Lessor shall be paid to such Person as may be entitled thereto or, in each case, to such Person as the Lessor (or such other Person) shall specify in writing to the Lessee, and at such place as the Lessor (or such other Person) shall specify in writing to the Lessee, which specifications by the Lessor shall be given by the Lessor at least ten Business Days prior to the due date therefor. Each payment of Rent (including all payments under ARTICLE XV hereof) shall be made by the Lessee prior to 10:00 a.m. Columbus, Ohio time on the date due, at the place of payment in funds consisting of lawful currency of the United States of America which shall be immediately available on the scheduled date when such payment shall be due, unless such scheduled date shall not be a Business Day, in which case such payment shall be made on the next succeeding Business Day.

SECTION 4.4 LATE PAYMENT. If any Rent (other than Supplemental Rent payable by reason of this SECTION 4.4) shall not be paid when due, the Lessee shall pay to the Lessor, as Supplemental Rent, interest (to the maximum extent permitted by law) on such overdue amount from and including the due date thereof to but excluding the Business Day of payment thereof at the Overdue Rate.

SECTION 4.5 NET LEASE; NO SETOFF, ETC. This Lease is a net lease and, notwithstanding any other provision of this Lease, the Lessee shall pay all Basic Rent and Supplemental Rent, and all costs, charges, taxes, assessments and other expenses (foreseen or unforeseen) for which the

Lessee or any Indemnitee is or shall become liable by reason of the Lessee's or such Indemnitee's estate, right, title or interest in the Leased Property, or that are connected with or arise out of the acquisition, installation, possession, use, occupancy, maintenance, ownership, leasing, repairs and rebuilding of, or addition to, the Leased Property or any portion thereof, including, without limitation, the acquisition of the Improvements and any other amounts payable hereunder shall be paid, without counterclaim, setoff, deduction or defense and without abatement, suspension, deferment, diminution or reduction, and the Lessee's obligation to pay all such amounts throughout the Lease Term is absolute and unconditional. The obligations and liabilities of the Lessee hereunder shall in no way be released, discharged or otherwise affected for any reason, including without limitation (i) any defect in the condition, merchantability, design, quality or fitness for use of the Leased Property or any part thereof, or the failure of the Leased Property to comply with all Applicable Law, including any inability to occupy or use the Leased Property by reason of such non-compliance, (ii) any damage to, removal, abandonment, salvage, loss, contamination of or Release from, scrapping or destruction of or any requisition or taking of the Leased Property or any part thereof, (iii) any restriction, prevention or curtailment of or interference with any use of the Leased Property or any part thereof including eviction, (iv) any defect in title to or rights to the Leased Property or any Lien on such title to or rights to the Leased Property, (v) any change, waiver, extension, indulgence or other action or omission or breach in respect of any obligation or liability of any Person requested or consented to by the Lessee, (vi) any bankruptcy, insolvency, reorganization, composition, adjustment, dissolution, liquidation or other like proceedings relating to the Lessee, the Lessor, the Issuer, the Credit Bank or any other Person, or any action taken with respect to this Lease by any trustee or receiver of the Lessee, the Lessor, the Issuer or any other Person, or by any court, in any such proceeding, (vii) any failure on the part of the Lessor to perform or comply with any of the terms of this Lease, any other Operative Document or of any other agreement where such failure was caused by the Lessee's failure to perform its obligations under the Operative Documents, (viii) any disaffirmance of this Lease or any provision hereof or any of the other Operative Documents or any provision of any thereof by the Lessee, (ix) any action by any court, administrative agency or other Governmental Authority, (x) any restriction, prevention or curtailment of or interference with any use of the Leased Property or any part thereof or (xi) any other occurrence whatsoever, whether similar or dissimilar to the foregoing, whether or not the Lessee shall have notice or knowledge of any of the foregoing. Except as specifically set forth in ARTICLES XI and XV hereof, this Lease shall be noncancellable by the Lessee for any reason whatsoever and the Lessee, to the extent permitted by Applicable Law, waives all rights now or hereafter conferred by statute or otherwise to quit, terminate or surrender this Lease, or to any diminution, abatement or reduction of Rent payable by the Lessee hereunder. The Lessee assumes the sole responsibility for the condition, use, operation, maintenance, and management of the Leased Property and the Lessor shall have no responsibility in respect thereof and shall have no liability for damage to the property of the Lessee or any subtenant of the Lessee on any account or for any reason whatsoever other than by reason of the Lessor's willful misconduct or breach of any of its express obligations under any Operative Document.

SECTION 4.6 LESSEE TO COOPERATE WITH LESSOR. The Lessee hereby agrees to use its best efforts to supply the Lessor with all such information necessary in order for the Lessor to maintain its books and accounts and prepare all required federal, state and local tax returns.

ARTICLE V

CONDITION AND USE OF PROPERTY

During the Lease Term, the Lessor's interest in the Leased Property is demised and let by the Lessor "AS IS" subject to (i) the rights of any parties in possession thereof, (ii) the state of the title thereto existing at the time the Lessor acquired its interest in the Leased Property, (iii) any state of facts which an accurate survey or physical inspection might show, (iv) all Applicable Law and (v) any violations of Applicable Law which may exist upon or subsequent to the commencement of the Lease Term. THE LESSEE ACKNOWLEDGES THAT, ALTHOUGH THE LESSOR WILL OWN AND HOLD TITLE TO THE LEASED PROPERTY, THE LESSEE IS SOLELY RESPONSIBLE FOR THE CONDITION AND USE OF THE IMPROVEMENTS AND ANY ALTERATIONS. NEITHER THE LESSOR NOR ANY OTHER PARTY TO THE PARTICIPATION AGREEMENT HAS MADE OR SHALL BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, OR SHALL BE DEEMED TO HAVE ANY LIABILITY WHATSOEVER AS TO THE VALUE, MERCHANTABILITY, TITLE, HABITABILITY, CONDITION, DESIGN, OPERATION, OR FITNESS FOR USE OF THE LEASED PROPERTY (OR ANY PART THEREOF), OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE LEASED PROPERTY (OR ANY PART THEREOF), ALL SUCH WARRANTIES BEING HEREBY DISCLAIMED, AND NEITHER THE LESSOR NOR ANY PARTY TO THE PARTICIPATION AGREEMENT SHALL BE LIABLE FOR ANY LATENT, HIDDEN, OR PATENT DEFECT THEREIN OR THE FAILURE OF THE LEASED PROPERTY, OR ANY PART THEREOF, TO COMPLY WITH ANY APPLICABLE LAW except that the Lessor hereby represents and warrants that the Leased Property is and shall at all times remain free of Lessor Liens. As between the Lessor and the Lessee, the Lessee has been afforded full opportunity to inspect the Leased Property, is satisfied with the results of its inspections of the Leased Property and is entering into this Lease solely on the basis of the results of its own inspections and all risks incident to the matters discussed in the two preceding sentences, as between the Lessor, the Issuer or the Credit Bank, on the one hand, and the Lessee, on the other, are to be borne by the Lessee. The provisions of this ARTICLE V have been negotiated and, except to the extent otherwise expressly stated, the foregoing provisions are intended to be a complete exclusion and negation of any representations or warranties by the Lessor, the Issuer, or the Credit Bank, express or implied, with respect to the Leased Property that may arise pursuant to any law now or hereafter in effect or otherwise.

ARTICLE VI LIENS; EASEMENTS; PARTIAL CONVEYANCES

Commencing on the Closing Date and thereafter, neither the Lessee nor the Lessor shall directly or indirectly create, incur or assume, any Lien on or with respect to the Leased Property, title thereto, or any interest therein including any Liens which arise out of the possession, use, occupancy, construction, repair or rebuilding of the Leased Property or by reason of labor or materials furnished or claimed to have been furnished to the Lessee, or any of its contractors or agents or by reason of the financing of any personalty or equipment purchased or leased by the Lessee or Alterations constructed by the Lessee, except in all cases Permitted Liens.

Notwithstanding the foregoing paragraph, at the request of the Lessee, the Lessor shall, from time to time during the Lease Term and upon reasonable advance written notice from the Lessee and receipt of the materials specified in the next succeeding sentence, consent to and join in any (i) grant of easements, licenses, rights of way and other rights in the nature of easements, including, without limitation, utility easements to facilitate the Lessee's use, development and construction of the Leased Property, (ii) release or termination of easements, licenses, rights of way or other rights in the nature of easements which are for the benefit of the or any portion thereof, (iii) dedication or transfer of portions of the Parcel, not improved with a building, for road, highway or other public purposes, (iv) execution of agreements for ingress and egress and amendments to any covenants and restrictions affecting the Leased Property or any portion thereof and (v) request to any Governmental Authority for platting or subdivision or replatting or resubdivision approval with respect to the Parcel or any portion thereof or any parcel of Parcel of which the parcel of land of which the Parcel or any portion thereof forms a part or a request for any variance from zoning or other governmental requirements. The Lessor's obligations pursuant to the preceding sentence shall be subject to the requirements that:

(i) any such action shall be at the sole cost and expense of the Lessee and the Lessee shall pay all reasonable and documented out-of-pocket costs of the Lessor in connection therewith (including, without limitation, the reasonable and documented fees of attorneys, architects, engineers, planners, appraisers and other professionals reasonably retained by the Lessor in connection with any such action);

(ii) The Lessee shall have delivered to the Lessor an Officer's Certificate stating that (1) such action will not cause the Leased Property or any portion thereof to fail to comply in any material respect with the provisions of this Lease or any other Operative Document or in any material respect with Applicable Law and (2) such action will not materially reduce the Fair Market Sales Value, utility or useful life of the Leased Property nor the Lessor's interest therein; and

(iii) in the case of any release or conveyance, if the Lessor so requests and to the extent available without undue expense, the Lessee will cause to be issued and delivered to the Credit Bank by the Title Insurance Company an endorsement to the Title Policy pursuant to which the Title Insurance Company agrees that its liability for the payment of any loss or damage under the terms and provisions of the Title Policy will not be affected by reason of the fact that a portion of the real property referred to in Schedule A of the Title Policy has been released or conveyed by the Lessor.

ARTICLE VII
MAINTENANCE AND REPAIR;
ALTERATIONS, MODIFICATIONS AND ADDITIONS

SECTION 7.1 MAINTENANCE AND REPAIR; COMPLIANCE WITH LAW. The Lessee, at its own expense, shall at all times during the Lease Term (i) maintain the Leased Property in good repair and condition (subject to ordinary wear and tear), in accordance with prudent industry standards and, in any event, in no less a manner as other similar facilities owned or leased by the Lessee (ii) make all Alterations in accordance with, and maintain (whether or not such maintenance requires structural modifications or Alterations) and operate and otherwise keep the Leased Property

in compliance with, all Applicable Laws and (iii) make all material repairs, replacements and renewals of the Leased Property or any part thereof which may be required to keep the Leased Property in the condition required by the preceding CLAUSES (i) and (ii). The Lessee shall perform the foregoing maintenance obligations regardless of whether the Leased Property is occupied or unoccupied. The Lessee waives any right that it may now have or hereafter acquire to (i) require the Lessor to maintain, repair, replace, alter, remove or rebuild all or any part of the Leased Property or (ii) make repairs at the expense of the Lessor pursuant to any Applicable Law or other agreements or otherwise. The Lessor shall not be liable to the Lessee or to any contractors, subcontractors, laborers, materialmen, suppliers or vendors for services performed or material provided on or in connection with the Leased Property or any part thereof. The Lessor shall not be required to maintain, alter, repair, rebuild or replace the Leased Property in any way.

SECTION 7.2 ALTERATIONS. The Lessee shall have the right, at any time and from time to time, to make such Alterations, structural or otherwise, to the Leased Property as the Lessee shall deem necessary or desirable, subject to the following conditions:

(a) No Alterations shall be undertaken until the Lessee shall have procured and paid for, so far as the same may be required from time to time, all required municipal and other governmental permits and authorizations of the various municipal departments and governmental subdivisions having jurisdiction, and the Lessor, at the Lessee's expense, shall join in the application for such permits or authorizations whenever such action is necessary;

(b) Any structural Alterations, or any Alterations undertaken as a single project and involving an estimated cost aggregating more than \$2,000,000, shall, if requested by the Credit Bank, be conducted under the supervision of an architect or engineer licensed as such in the State, selected by the Lessee and reasonably acceptable to the Credit Bank, and no such work shall be undertaken until preliminary plans and outline specifications and budget estimates therefor, prepared and approved in writing by such architect or engineer, stating that the same comply with the provisions of this ARTICLE VII, shall have been submitted to and approved by the Lessor and the Credit Bank;

(c) All Alterations will comply in all respects with the provisions of the Operative Documents and shall be of such a character that, when completed, the Fair Market Sales Value of the Improvements shall be not less than the Fair Market Sales Value of the Improvements immediately before any such Alterations.

(d) All work done in connection with any Alterations shall be done in a good and workmanlike manner and in compliance with applicable building and zoning laws and with all other Applicable Law; the cost of any such Alterations shall be paid in cash or its equivalent, so that the Leased Property shall at all times be free of Liens for labor and materials supplied or claimed to have been supplied (other than inchoate liens or liens bonded off in accordance with Applicable Law and with the Credit Bank's consent); and the work of any Alterations shall be prosecuted with reasonable dispatch, unavoidable delays excepted;

(e) Worker's compensation insurance covering all persons employed in connection therewith and with respect to whom death or bodily injury claims could be asserted against the Lessor, the Issuer, the Credit Bank or the Lessee or the Leased Property and general liability and property damage insurance (which may be effected by endorsement, if obtainable, on the insurance required to be carried pursuant to SECTION 9.2 hereof) for the mutual benefit of the Lessor, the Issuer, the Credit Bank or the Lessee with limits of not less than those required to be carried pursuant to said SECTION 9.2 shall be maintained by the Lessee at all times when any work is in process in connection with any Alterations.

SECTION 7.3 TITLE TO ALTERATIONS. Title to all Alterations shall without further act vest in the Lessor (subject to the Lessee's right to remove trade fixtures, personal property and equipment which were not acquired with funds advanced by the Lessor, the Issuer or the Credit Bank) and shall be deemed to constitute a part of the Leased Property and be subject to this Lease.

ARTICLE VIII USE

The Lessee shall use the Leased Property or any part thereof only for the purpose of a automobile auction facility, or such other uses that may be available under the zoning applicable to the Land from time to time during the Lease Term.

ARTICLE IX INSURANCE

SECTION 9.1 INSURANCE COVERAGES. At all times (except as otherwise indicated) the Lessee, at its sole cost and expense, shall keep the Leased Property insured for the mutual benefit of the Credit Bank, the Lessor and the Lessee against:

(a) loss or damage by fire, and such other risks as may be included in the so-called "All Risk" form of insurance providing coverage against all risks of physical loss, in an amount satisfactory to the Credit Bank, but in any event not less than the then Full Replacement Cost of the Leased Property;

(b) loss or damage from leakage of sprinkler systems now or hereafter installed in the Leased Property, in such amount as the Credit Bank may reasonably require;

(c) to the extent not covered by the Lessee's business interruption insurance, loss of rental from the Leased Property, under a rental value insurance policy covering risk of loss due to any of the hazards described in CLAUSES (a) and (b) of this SECTION 9.1 in an amount not less than the aggregate requirements for the period of 12 months following the occurrence of the insured casualty for Basic Rent and Supplemental Rent;

(d) loss or damage by explosion of high pressure steam boilers, air conditioning equipment, pressure vessels, motors or similar apparatus, now or hereafter installed in the Leased

Property in such limits with respect to any one accident as may reasonably be required by the Credit Bank from time to time, but not less than \$100,000;

(e) flood hazard coverage, if available under any applicable federal flood insurance program, in an amount reasonably satisfactory to the Credit Bank (but only if the Leased Property is located in a special flood hazard area);

(f) at any time during which any part of the Leased Property or any Alteration are under construction, and as to any part of the Leased Property or any Alteration under construction, builder's risk coverage under a so-called "all risk" non-reporting completed value form of policy; and

(g) such other hazards and in such amounts as the Credit Bank may reasonably require provided that such insurance is then customarily maintained with respect to similar properties in the State.

The term "Full Replacement Cost" shall mean the actual replacement cost of the Leased Property (excluding foundation and excavation costs) without physical depreciation. Full Replacement Cost shall be determined at the request of the Credit Bank by an architect, appraiser, appraisal company or one of the insurers, selected and paid by the Lessee and reasonably acceptable to the Credit Bank, but such determination shall not be required to be made more frequently than once every 24 months.

SECTION 9.2 LIABILITY INSURANCE. The Lessee shall also maintain insurance for the mutual benefit of the Lessor, the Credit Bank, each other Indemnitee, and the Lessee against claims for bodily injury or property damage with respect to the Leased Property, under a policy of general public liability insurance, with such limits as may reasonably be required by the Lessor or the Credit Bank from time to time, but not less than \$1,000,000 combined single limit, with excess umbrella liability coverage of not less than \$5,000,000.

SECTION 9.3 POLICIES. All insurance provided for under this Lease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and acceptable to the Lessor and the Credit Bank. Upon the execution of this Lease, the Lessee shall deliver to the Credit Bank and the Lessor original certificates of such insurance and copies of such policies in form reasonably satisfactory to the Credit Bank. At least 10 days prior to the expiration date of any policy, a copy of the renewal policy for such insurance shall be delivered by the Lessee to the Lessor and the Credit Bank, and certificates thereof in form reasonably satisfactory to the Credit Bank shall be delivered as aforesaid, together with satisfactory evidence of payment of the premium thereon. All policies referred to in SECTION 9.1 hereof shall contain agreements by the insurers that (i) any loss shall be payable to the Lessor and the Credit Bank, notwithstanding any act or negligence of the Lessee which might otherwise result in forfeiture of said insurance, (ii) such policies shall not be canceled except upon 30 days' prior written notice to each named insured and loss payee, (iii) the coverage afforded thereby shall not be affected by the performance of any work in or about the Leased Property and (iv) waiving all rights of subrogation against the Lessor, the Credit Bank, the Lessee and their respective officers, employees, directors, incorporators, shareholders and agents.

SECTION 9.4 LOSS PAYEE PROVISIONS. The rental value policy referred to in SECTION 9.1 (c) hereof shall name the Credit Bank as the loss-payee thereunder. Upon the receipt of same, the Credit Bank shall apply the proceeds of such rental value insurance paid to it first to the payment of Basic Rent and then to the payment of taxes, insurance premiums and other items of Supplemental Rent becoming due during the rebuilding and restoration of the Leased Property, and any balance of such proceeds after the completion of such rebuilding and restoration shall be paid to the Lessee. Except as provided above in this SECTION 9.4, all policies of insurance required herein shall name the Credit Bank, the Lessor, and the Lessee as the insureds as their respective interests may appear. Subject to the provisions and limitations of this SECTION 9.4, all policies referred to in SECTION 9.1 hereof shall also provide for any loss to be payable to the Credit Bank as its interest may appear, pursuant to a standard mortgagee clause or endorsement. The loss, if any, under the policies referred to in SECTION 9.1 hereof shall be adjusted with the insurance companies by the Lessee except that no loss exceeding \$1,000,000 shall be adjusted without the prior written approval of the Credit Bank, which approval shall not be unreasonably conditioned, withheld or delayed, except that so long as an Event of Default is outstanding, all such losses shall be adjusted exclusively by the Credit Bank. The loss, if any, under all policies referred to in SECTION 9.1 hereof shall be payable to the Credit Bank, which shall make the proceeds thereof available to the Lessee in the circumstances provided by the provisions of SECTION 11.6 hereof. All such policies shall expressly provide that loss thereunder shall be adjusted and paid as provided in this SECTION 9.4. Any loss paid to the Lessee under any insurance policy referred to in SECTION 9.1 hereof shall be held by the Lessee in trust for application to the cost of restoring, repairing, replacing or rebuilding the Leased Property. Any loss paid to the Credit Bank shall be held in trust by it and disbursed by it in accordance with the provisions of SECTION 11.6 hereof.

SECTION 9.5 OTHER INSURANCE. Nothing in this ARTICLE IX shall prevent the Lessee from taking out insurance of the kind and in the amounts provided for under SECTION 9.1 and 9.2 hereof under a blanket insurance policy or policies which can cover other properties owned or operated by the Lessee as well as the Leased Property; PROVIDED, HOWEVER, that any such policy of insurance provided for under SECTION 9.1 hereof shall (a) specify therein, or the Lessee shall furnish the Lessor and the Credit Bank with a written statement from the insurers under such policies specifying, the amount of the total insurance allocated to the Leased Property, which amount shall be not less than the amount required by said SECTION 9.1 to be carried, and (b) not contain any clause which would result in the insured thereunder being required to carry insurance with respect to the property covered thereby in an amount equal to a minimum specific percentage of the value of such property in order to prevent the insured therein named from becoming a co-insurer of any loss with the insurer under such policy. The Lessee shall furnish to the Lessor and the Credit Bank, within 30 days after the filing thereof with any insurance rate-making body, copies of the schedule or make-up of all property covered by every such policy of blanket insurance.

SECTION 9.6 LOSS DEDUCTIBLES. All insurance provided for under this Lease may contain loss deductible clauses in such commercially reasonable maximum amounts as the Credit Bank shall approve from time to time.

SECTION 9.7 FAILURE TO MAINTAIN INSURANCE. If the Lessee shall fail to maintain any insurance required to be maintained herein or in any other Operative Document, then without

limiting the application of the provisions of ARTICLE XIII(c) hereof, the Lessor or the Credit Bank may, but shall not be required to, obtain such insurance on behalf of the Lessee. In the event the Lessor or the Credit Bank shall obtain such insurance, (a) the Lessee shall pay the costs of obtaining such insurance as Supplemental Rent within five (5) Business Days of demand therefor, and (b) the Lessee may provide other insurance conforming to the requirements of this Lease, in which instance any insurance obtained by the Credit Bank or the Lessor shall be cancelled at the Lessee's request. The rights of the Lessor and the Credit Bank under this SECTION 9.7 shall be in addition to, and not in place of, any other rights such parties may have under this Lease and the other Operative Documents.

ARTICLE X
ASSIGNMENT AND SUBLEASING

Except as provided in the next following sentence, the Lessee may not assign any of its right, title or interest in, to or under this Lease. The Lessee may assign or sublease all or any portion of the Leased Property; PROVIDED, HOWEVER, that (i) all obligations of the Lessee (or, in the case of a merger, consolidation or sale of all or substantially all of the Lessee's assets, the Lessee's successor PROVIDED THAT (A) such successor has a Net Worth at least equal to that of the Lessee as of the end of the most recent fiscal quarter of the Lessee, (B) such successor assumes in writing all of the Lessee's obligations under the Operative Documents without qualification or reservation and (C) immediately after giving effect to such merger, consolidation or sale, no Event of Default exists) shall continue in full effect as obligations of a principal and not of a guarantor or surety, as though no assignment or sublease had been made, (ii) any such sublease shall be expressly subject and subordinate to this Lease, the Reimbursement Agreement, the Mortgages and the other Operative Documents except to the extent this Lease remains effective under the Non-Disturbance and Attornment Agreement and (iii) each such sublease shall terminate on or before the Lease Termination Date.

ARTICLE XI
LOSS, DESTRUCTION, CONDEMNATION OR DAMAGE

SECTION 11.1 EVENT OF LOSS. Any event (i) which would otherwise constitute a Casualty during the Lease Term, (ii) which, in the good-faith judgment of the Lessee, renders repair and restoration of any Leased Property impractical or uneconomical and (iii) as to which the Lessee, within thirty (30) days after the occurrence of such event, delivers to the Lessor and the Issuer an Officer's Certificate notifying the Lessor and the Issuer of such event and of such judgment, shall constitute an "Event of Loss". In the case of any other event which constitutes a Casualty, the Lessee shall restore and rebuild the affected Leased Property pursuant to SECTION 11.3 hereof. If an Event of Loss other than an Event of Taking shall occur, the Lessee shall pay to the Lessor on the next Facility Rent Payment Date following delivery of the Officer's Certificate pursuant to CLAUSE (iii) of the preceding sentence, in addition to all Basic Rent and Supplement Rent otherwise due on such date, an amount equal to the Lease Balance applicable to the Leased Property as of such date. Upon the Lessor's receipt of such Lease Balance on such date, the Lessor shall cause the Lessor's interest in the Leased Property to be conveyed to the Lessee in accordance with and subject to the provisions of SECTION 15.5 ("Purchase Procedure") hereof, PROVIDED, HOWEVER, that (A) such

conveyance may be by special warranty deed, but free and clear of Lessor's Liens and the lien of the related Mortgage, (B) the Lessor shall have no obligation to remove title defects other than Lessor Liens and the lien of the related Mortgage affecting such Leased Property and (C) the Lessee's ability to obtain a title insurance policy shall not affect the Lessee's obligation to purchase the Lessor's interest in the affected Leased Property. Upon completion of such purchase, but not prior thereto, the affected Leased Property shall be deemed released from this Lease and all obligations of the Lessee and the Lessor with respect to such Leased Property (including the obligation to make further payments of Basic Rent) shall terminate, except with respect to obligations and liabilities hereunder, actual or contingent, that have arisen or relate to events occurring on or prior to such date of purchase, or which are expressly stated herein to survive termination of this Lease. Upon the consummation of the purchase of the affected Leased Property pursuant to this SECTION 11.1, any proceeds derived from insurance required to be maintained by the Lessee pursuant to this Lease for Leased Property remaining after payment of such purchase price shall be paid over to, or retained by, the Lessee or as it may direct, and the Lessor shall assign to the Lessee, without warranty, all of the Lessor's rights to and interest in insurance required to be maintained by the Lessee pursuant to this Lease.

SECTION 11.2 EVENT OF TAKING. Any event (a) which constitutes a taking of title to any Leased Property or (b) (i) which would otherwise constitute a Condemnation, (ii) which, in the good-faith judgment of the Lessee, renders restoration and rebuilding of such Leased Property impossible, impractical or uneconomical and (iii) as to which the Lessee, within thirty (30) days after the occurrence of such event, delivers to the Lessor and the Issuer an Officer's Certificate notifying the Lessor and the Issuer of such event, of such judgment and of the date (or the Lessee's best estimate thereof) on which the Lessee shall be required to relinquish possession of the affected Leased Property (or the affected portion thereof), shall constitute an "Event of Taking". In the case of any other event which constitutes a Condemnation, the Lessee shall restore and rebuild the affected Leased Property pursuant to SECTION 11.4 hereof. If an Event of Taking shall occur, the Lessee shall pay to the Issuer for the account of the Lessor (i) on the next Facility Rent Payment Date following the occurrence of such Event of Taking, in the case of an Event of Taking described in clause (a) of the second preceding sentence or (ii) on the Facility Rent Payment Date next preceding the date on which the Lessee is required to relinquish possession of the Leased Property (or the affected portion thereof), in the case of an Event of Taking described in CLAUSE (b) of the second preceding sentence, in addition to all Basic Rent and Supplemental Rent otherwise due on such date, an amount equal to the Lease Balance applicable to the Leased Property. Upon the Issuer's receipt of such amount on such date, the Lessor shall cause the Lessor's interest in the affected Leased Property to be conveyed to the Lessee in accordance with and subject to the provisions of SECTION 15.5 ("Purchase Procedure") hereof; PROVIDED, HOWEVER, that (A) such conveyance may be by special warranty deed, but free and clear of Lessor's Liens and the lien of the related Mortgage, (B) such conveyance shall be subject to all rights of the condemning authority, (C) the Lessor shall have no obligation to remove title defects other than Lessor Liens and the lien of the related Mortgage affecting such Leased Property and (D) the Lessee's ability to obtain a title insurance policy shall not affect the Lessee's obligation to purchase the Lessor's interest in the affected Leased Property. Upon completion of such purchase, but not prior thereto, the affected Leased Property shall be deemed released from this Lease and all obligations of the Lessee and the Lessor under this Lease with respect to such Leased Property (including the obligation to make further payments of Basic Rent) shall terminate, except with respect to obligations and liabilities

hereunder, actual or contingent, that have arisen or relate to events occurring on or prior to the date of such purchase, or which are expressly stated herein to survive termination of this Lease. Upon the consummation of the purchase of the affected Leased Property pursuant to this SECTION 11.2, all Awards received by the Lessor, after deducting any reasonable and documented costs incurred by the Lessor in collecting such Awards, received or payable on account of an Event of Taking during the Lease Term shall be paid to the Lessee, and all rights of the Lessor in Awards not then received shall be assigned to the Lessee by the Lessor. If no Event of Default has occurred and is then continuing, the Lessee shall have the right to negotiate with the condemning authority and receive all Awards, subject to the terms of this Lease.

SECTION 11.3 CASUALTY. If a Casualty shall occur, the Lessee shall rebuild and restore the affected Leased Property, will complete the same prior to the Lease Termination Date (provided that sufficient time to do so exists at the time such Casualty occurs) and will cause the conditions set forth in SECTION 3.3 of the Participation Agreement to be fulfilled with respect to such restoration and rebuilding prior to the Lease Termination Date; PROVIDED, HOWEVER, that such restoration and rebuilding will be performed, and the Improvements, as applicable, will be restored and rebuilt, in accordance with the Plans and Specifications as in existence on the date on which the certificate of occupancy for the affected Improvements was issued, as such Plans and Specifications may have been modified in respect of Alterations completed prior to the occurrence of such Casualty pursuant to SECTION 7.2 hereof, with such additional modifications to such Plans and Specifications as the Lessor shall consent to in writing, which consent shall not be unreasonably withheld or delayed.

SECTION 11.4 CONDEMNATION. If a Condemnation shall occur, the Lessee shall rebuild and restore the affected Leased Property to the extent practicable, will complete the same prior to the Lease Termination Date (provided that sufficient time to do so exists at the time such Condemnation occurs), and will cause the conditions set forth in SECTION 3.3 of the Participation Agreement to be fulfilled with respect to such restoration and rebuilding prior to the Lease Termination Date; PROVIDED, HOWEVER, that within sixty (60) days after the Lessee's receipt of any Awards with respect to such Condemnation, the Lessee shall pay to the Issuer, for application to the prepayment of the Borrower Promissory Note (and in turn paid to the Note Trustee for payment of the Notes in accordance with the Note Indenture, (a) the portion, if any, of such Awards which are identified, by the condemner, as being allocable to the Parcel or (b) if no such identification is made by the condemner, the portion, if any, of such Awards which are, in Lessee's good-faith and reasonable judgment, allocable to the Parcel; and provided, further, that such restoration and rebuilding will be performed, and the Improvements, as applicable, will be restored and rebuilt, in accordance with the Plans and Specifications as in existence on the date on which the certificate of occupancy for the affected Improvements, as applicable, was issued, as such Plans and Specifications may have been modified in respect of Alterations completed prior to the occurrence of such Condemnation pursuant to SECTION 7.2 hereof or modified to adjust for a Casualty of the Leased Property pursuant to SECTION 11.3 hereof, with such additional modifications to such Plans and Specifications as the Lessor shall consent to in writing, which consent shall not be unreasonably withheld or delayed.

SECTION 11.5 VERIFICATION OF RESTORATION AND REBUILDING. The Lessee will promptly notify the Issuer, the Note Trustee and the Lessor of the completion of the restoration or rebuilding of the Improvements, as applicable, after a Casualty or Condemnation. After completion of such

restoration and rebuilding and in order to verify the Lessee's compliance with the foregoing SECTIONS 11.3 and 11.4, the Lessor and the Issuer and their authorized representatives may, at their own risk and upon three (3) Business Days' notice to the Lessee, inspect the Leased Property and the completion of the restoration and rebuilding of the Improvements, as applicable. All reasonable and documented out-of-pocket costs of such inspection incurred by the Lessor and the Credit Bank will be paid by the Lessee promptly after written request. No such inspection shall unreasonably interfere with the Lessee's operations or the operations of any other occupant of the Leased Property. None of the inspecting parties shall have any duty to make any such inspection or inquiry and none of the inspecting parties shall incur any liability or obligation by reason of not making any such inspection or inquiry. None of the inspecting parties shall incur any liability or obligation by reason of making any such inspection or inquiry unless and to the extent such inspecting party causes damage to the Leased Property or any property of the Lessee or any other Person during the course of such inspection, whereupon, provided that the Lessee shall not have been negligent or acted intentionally or with gross recklessness, such inspecting party shall be liable for any such damage or injury, as may be applicable, shall indemnify and hold the Lessee harmless from and against all claims, losses and liability as to such damage or injury.

SECTION 11.6 APPLICATION OF PAYMENTS. (a) All proceeds (except for payments under insurance policies maintained other than pursuant to ARTICLE IX of this Lease) received at any time by the Lessor, the Lessee or the Issuer from any Governmental Authority or other Person with respect to any Condemnation or Casualty to the Leased Property or any part thereof or with respect to an Event of Loss or an Event of Taking, plus the amount of any payment that would have been due from an insurer but for Lessee's self-insurance or deductibles ("LOSS PROCEEDS"), shall (except to the extent SECTION 11.9 hereof applies) be applied as follows:

(i) In the event the Lessee purchase the affected Leased Property pursuant to SECTION 11.1 or SECTION 11.2 hereof, such Loss Proceeds shall be applied as set forth in such SECTION 11.1 or SECTION 11.2, as the case may be;

(ii) In the event of a Casualty at such time when an Event of Default has occurred and is continuing and the Lessee is obligated to repair and rebuild the Leased Property pursuant to SECTION 11.3 hereof, the Lessee may, in good faith and subsequent to the date of such Casualty, certify to the Issuer and to the applicable insurer that no Default or Event of Default has occurred, in which event the applicable insurer shall pay the Loss Proceeds to the Lessee and, if requested by the Lessee, the Credit Bank and the Lessor shall so direct the insurer;

(iii) In the event of a Condemnation at such time when an Event of Default has occurred and is continuing and the Lessee is obligated to repair and rebuild the Leased Property pursuant to SECTION 11.4 hereof, the Lessor and the Credit Bank (if required) shall upon the Lessee's request assign to the Lessee the Lessor's and the Credit Bank's (if applicable) interest in any applicable Awards except for Awards (or portions thereof) described in SECTION 11.4(a) or (b) hereof; and

(iv) As provided in SECTION 11.8 hereof if such Section is applicable.

(b) During any period of repair or rebuilding pursuant to this ARTICLE XI, this Lease will remain in full force and effect and Basic Rent shall continue to accrue and be payable without abatement or reduction. The Lessee shall maintain records setting forth information relating to the receipt and application of payments in accordance with this SECTION 11.6. Such records shall be kept on file by the Lessee at its offices and shall be made available to the Lessor and the Credit Bank upon request.

SECTION 11.7 PROSECUTION OF AWARDS (a) If, during the continuance of any Event of Default, any Condemnation shall occur, the Lessee shall give to the Lessor and the Credit Bank promptly, but in any event within sixty (60) days after the occurrence of such Condemnation, written notice of such occurrence and the date thereof, generally describing the nature and extent of such Condemnation. With respect to any Event of Taking or any Condemnation, the Lessee shall control the negotiations with the relevant Governmental Authority as to any proceeding in respect of which Awards are required, under SECTION 11.6 hereof, to be assigned or released to the Lessee; PROVIDED, HOWEVER, that if an Event of Default shall have occurred and be continuing the Lessor shall control such negotiations. The Lessee hereby irrevocably assign, transfer and set over to the Lessor all rights of the Lessee to any Award made during the continuance of an Event of Default on account of any Event of Taking or any Condemnation and, if there will not be separate Awards to the Lessor and the Lessee on account of such Event of Taking or Condemnation, irrevocably authorizes and empowers the Lessor during the continuance of an Event of Default, with full power of substitution in the name of the Lessee or otherwise (but without limiting the obligations of the Lessee under this ARTICLE XI), to file and prosecute what would otherwise be the Lessee's claim for any such Award and, in the case of the Lessor, to collect, receipt for and retain the same; PROVIDED, HOWEVER, that in any event the Lessor may participate in any such negotiations, and no settlement will be made without the Lessor's prior consent, not to be unreasonably withheld or delayed.

(b) Notwithstanding the foregoing, the Lessee may prosecute, and the Lessor shall have no interest in, any claim with respect to the Lessee's trade fixtures, other personal property and equipment and the Lessee's relocation expenses.

SECTION 11.8 APPLICATION OF CERTAIN PAYMENTS NOT RELATING TO AN EVENT OF TAKING. In case of a requisition for temporary use of all or a portion of the Leased Property which is not an Event of Taking, this Lease shall remain in full force and effect, without any abatement or reduction of Basic Rent, and the Awards for the Leased Property shall, unless an Event of Default has occurred and is continuing, be paid to the Lessee.

SECTION 11.9 OTHER DISPOSITIONS. Notwithstanding the foregoing provisions of this ARTICLE XI, so long as an Event of Default shall have occurred and be continuing, any amount that would otherwise be payable to or for the account of, or that would otherwise be retained by, the Lessee pursuant to this ARTICLE XI shall be paid to the Lessor as security for the obligations of the Lessee under this Lease and, at such time thereafter as no Event of Default shall be continuing, such amount shall be paid promptly to the Lessee to the extent not previously applied by the Lessor in accordance with the terms of this Lease or the other Operative Documents.

SECTION 11.10 NO RENT ABATEMENT. Rent shall not abate hereunder by reason of any Casualty, any Event of Loss, any Event of Taking or any Condemnation of the Leased Property, and the Lessee shall continue to perform and fulfill all of the Lessee's obligations, covenants and agreements hereunder notwithstanding such Casualty, Event of Loss, Event of Taking or Condemnation until the Lease Termination Date. The foregoing notwithstanding, if and to the extent that, pursuant to the provisions of this Lease and the other Operative Documents, Loss Proceeds or Awards are paid over to and permanently retained by the Issuer or the Lessor, Lessee shall receive as a credit against its obligation to pay Basic Rent or, as applicable, the Lease Balance, in the amount of any such Loss Proceeds or Awards.

ARTICLE XII
INTEREST CONVEYED TO LESSEE

(a) INTENT OF THE PARTIES. It is the intent of the parties hereto that for financial accounting purposes, this Lease constitutes an "operating lease" pursuant to Statement of Financial Accounting Standards No. 13, as amended, and for purposes of commercial, real estate, bankruptcy and federal, state and local income tax law, the transaction contemplated hereby is a financing arrangement. The parties hereto further intend that the Lessee shall be treated as owners of the Leased Property for income tax purposes and shall be entitled to all deductions for depreciation thereof. The Lessor shall take no action inconsistent with such treatment.

(b) MORTGAGE OR DEED OF TRUST AND SECURITY AGREEMENT. It is the intent of the parties hereto that (i) the obligations of the Lessee under this Lease to pay Basic Rent and Supplemental Rent, or the Lease Balance in connection with any purchase of the Leased Property pursuant to this Lease, shall be treated as payments of interest on and principal of, respectively, a loan from the Lessor to the Lessee, and (ii) this Lease shall be deemed to, and does, constitute, INTER-ALIA, a mortgage and security agreement, a deed of trust and security agreement, or other similar instrument, as more particularly set forth in the Memorandum of Lease for each Property, respectively, to be executed by the Lessor and the Lessee simultaneously herewith and to be recorded in the Real Property Records where such Property is located, pursuant to which, in order to secure payment of the aforesaid loan and all other amounts payable hereunder and under the Operative Documents by the Lessee, and the performance by the Lessee of all of its covenants and obligations under this Lease and under the Operative Documents, for and in consideration of the sum of One Dollar (\$1.00) paid to the Lessee, and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Lessee has bargained, sold, given, granted, conveyed and assigned, and does by these presents bargain, sell, give, grant, convey and assign, with power of sale, (A) in connection with each Property for which the related Memorandum of Lease incorporates a mortgage and security agreement, to the Lessor, its successors and assigns, as mortgagee, and (B) in connection with each Property for which the related Memorandum of Lease incorporates a deed of trust and security agreement, to the trustee therein named, and its successors and assigns in trust, for the benefit of the Lessor, all of the Lessee's present and future estate, right title and interest in and to the portions of each such Property which constitute interests in real property, including all right, title and interest of the Lessee in and to the fee title to, and reversionary interest in, each such Property, and a leasehold mortgage on the Lessee's leasehold estate under

this Lease, and a security interest and lien on the portions of each such Property which do not constitute interests in real property, and all proceeds of the conversion, voluntary or involuntary, of any or all of the foregoing into cash, investments, securities or other property, to have and to hold such interests in each such Property unto the Lessor, as mortgagee, or the trustee named in such deed of trust for the benefit of the Lessor, as the case may be, and their respective successors and assigns, forever, it being agreed that the provisions set forth in each such Memorandum of Lease hereby are entirely incorporated by reference with respect to each such Property with the same force and effect as if set forth at length herein.

(c) Specifically, without limiting the generality of SUBSECTION (b) of this ARTICLE XII, the Lessor and the Lessee intend and agree that with respect to the nature of the transactions evidenced by this Lease in the context of the exercise of remedies under the Operative Documents, including, without limitation, in the case of any insolvency or receivership proceedings or a petition under the United States bankruptcy laws or any other applicable insolvency laws or statute of the United States of America or any State or Commonwealth thereof affecting the Lessee and the Lessor, or any enforcement or collection actions, the transaction evidenced by this Lease is a loan made by the Lessor as an unrelated third party lender to the Lessee, secured by the Leased Property, (it being understood that the Lessee hereby mortgages, grants, bargains, sells, releases, confirms, conveys, assigns, transfers and sets over to the trustee or mortgagee, as the case may be, named in the applicable Memorandum of Lease for each Property, and grants a security interest in, the Leased Property (consisting of a fee mortgage with respect to all right, title and interest of the Lessee in and to the fee title to, and reversionary interest in, the Leased Property) and a leasehold mortgage on the Lessee's leasehold estate under this Lease, all to secure such loans, effective on the date hereof, to have and to hold such interests in the Leased Property unto the Lessor and its successors and assigns, forever, provided always that these presents are upon the express condition that, if all amounts due under this Lease shall have been paid and satisfied in full, then this instrument and the estate hereby granted shall cease and become void).

(d) Specifically, but without limiting the generality of SUBSECTION (b) of this ARTICLE XII, the Lessor and the Lessee further intend and agree that, with respect to that portion of the Leased Property constituting personal property, for the purpose of securing the Lessee's obligations for the repayment to the Lessor of the above-described loan, (i) this Lease shall also be deemed to be a security agreement and financing statement within the meaning of Article 9 of the Uniform Commercial Code; (ii) the conveyance provided for hereby shall be deemed to be a grant by the Lessee to the Lessor of a lien and security interest in all of the Lessee's present and future right, title and interest in and to such portion of the Leased Property, including but not limited to the Lessee's leasehold estate therein and all proceeds of the conversion, voluntary or involuntary, of the foregoing, into cash, investments, securities or other property, whether in the form of cash, investments, securities or other property to secure such loans, effective on the date hereof, to have and to hold such interests in the Leased Property unto the Lessor and its successors and assigns, forever, PROVIDED ALWAYS that these presents are upon the express condition that, if all amounts due under this Lease shall have been paid and satisfied in full, then this instrument and the estate hereby granted shall cease and become void; (iii) the possession by the Lessor of notes and such other items of property as constitute instruments, money, negotiable documents or chattel paper shall be deemed to be "possession by the secured party" for purposes

of perfecting the security interest pursuant to Section 9-305 of the Uniform Commercial Code; and (iv) notifications to Persons holding such property, and acknowledgements, receipts or confirmations from financial intermediaries, bankers or agents (as applicable) of the Lessee shall be deemed to have been given for the purpose of perfecting such security interest under Applicable Law. The Lessor and the Lessee shall, to the extent consistent with this Lease, take such actions and execute, deliver, file and record such other documents, financing statements, mortgages and deeds of trust, including, without limitation, each Memorandum of Lease, as may be necessary to ensure that, if this Lease were deemed to create a security interest in the Leased Property in accordance with this ARTICLE XII, such security interest would be deemed to be a perfected security interest with priority over all Liens other than Permitted Liens, under Applicable Law and will be maintained as such throughout the Lease Term.

ARTICLE XIII
EVENTS OF DEFAULT

The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) the Lessee shall fail to make any payment of Basic Rent when due, or, with respect to any Rent Payment Date other than the Scheduled Termination Date, within a period of four days after written notice of such failure has been given to the Lessee and the Guarantor;

(b) the Lessee shall fail to make any payment of Supplemental Rent when due and such failure shall continue for a period of 10 days after written notice of such failure has been given to the Lessee and the Guarantor.

(c) the Lessee shall fail to pay the Lease Balance when due pursuant to SECTIONS 11.1, 11.2, 15.1 or 15.2 hereof, or the Lessee shall fail to pay the Recourse Deficiency Amount when required pursuant to ARTICLE XV hereof;

(d) the Lessee shall fail to maintain insurance as required by ARTICLE IX hereof;

(e) [reserved];

(f) any representation or warranty by the Lessee in any Operative Document or in any certificate or document delivered to the Lessor, the Issuer or the Credit Bank pursuant to any Operative Document, shall have been incorrect in any material respect when made and has resulted in a Material Adverse Effect on the Lessee;

(g) (i) the entry of a decree or order by a court or agency or supervisory authority of competent jurisdiction for the appointment of a conservator, receiver, liquidator or trustee for the Lessee in any bankruptcy, receivership, conservatorship, insolvency or similar proceedings, or for the winding up or liquidation of its affairs, and any such decree or order continues unstayed and in effect for a period of 90 consecutive days, or (ii) the consent by the Lessee to the appointment of a

conservator, receiver, liquidator or trustee for the Lessee in any bankruptcy, receivership, conservatorship, insolvency or similar proceedings of or relating to the Lessee or relating to substantially all its property, the admission in writing by the Lessee of its inability to pay its debts generally as they become due, the filing by the Lessee of a petition to take advantage of any applicable bankruptcy, receivership, conservatorship, insolvency or similar statute, the making by the Lessee of an assignment for the benefit of its creditors or the voluntary suspension by the Lessee of payment of its obligations;

(h) the Lessee shall fail in any material respect to timely perform or observe any covenant, condition or agreement (not included in CLAUSE (a), (b), (c), (d), (e), (f), (g), (i) or (j) of this ARTICLE XIII) to be performed or observed by it hereunder or under the other Operative Documents and such failure shall continue for a period of 30 days after the Lessee's receipt of written notice thereof from the Lessor (PROVIDED, HOWEVER, if such failure is other than the payment of money and is of such nature that it can be corrected but not within the applicable period, then that failure shall not constitute an Event of Default so long as the Lessee institutes curative action within the applicable period and diligently pursues that action to completion);

(i) a failure of the Lessee to perform any term, covenant or agreement on its part to be performed under any agreement or instrument (other than the Operative Documents) evidencing, securing or relating to any indebtedness owing by the Lessee when required to be performed, if the effect of such failure is to accelerate the maturity of such indebtedness or to permit the holder or holders of such indebtedness or the trustee or trustees under any such indebtedness to cause such indebtedness to become due prior to the stated maturity thereof, and such failure shall continue for a period of 45 days after the expiration of any applicable grace or cure periods (PROVIDED, HOWEVER, if such failure is other than the payment of money and is of such nature that it can be corrected but not within such 45 days, then that failure shall not constitute an Event of Default so long as the Lessee institutes curative action within such period and diligently pursues that action to completion);

(j) the occurrence of any event or condition designated as an "Event of Default" under the Parent Guaranty.

ARTICLE XIV ENFORCEMENT

SECTION 14.1 REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter, the Lessor may, so long as such Event of Default is continuing, do one or more of the following as the Lessor in its sole discretion shall determine, without limiting any other right or remedy the Lessor may have on account of such Event of Default (including, without limitation, the obligation of the Lessee to purchase the Leased Property as set forth in SECTIONS 15.2 and 15.3 hereof):

(a) Subject to SUBSECTION (e) of this SECTION 14.1, the Lessor may, by notice to the Lessee, rescind or terminate this Lease as of the date specified in such notice (the "Final Rent Payment Date"), which date shall, unless such notice is subsequently rescinded by the Lessor, become the Lease Termination Date, and the Lessee shall be required to purchase the Leased

Property pursuant to SECTION 15.2 hereof; PROVIDED, HOWEVER, that (i) no reletting, reentry or taking of possession of the Leased Property by the Lessor will be construed as an election on the Lessor's part to terminate this Lease unless a written notice of such intention is given to the Lessee, (ii) notwithstanding any reletting, reentry or taking of possession, the Lessor may at any time thereafter elect to terminate this Lease for a continuing Event of Default and (iii) no act or thing done by the Lessor or any of its agents, representatives or employees and no agreement accepting a surrender of the Leased Property shall be valid unless the same be made in writing and executed by the Lessor.

(b) Subject to SUBSECTION (e) of this SECTION 14.1, the Lessor may (i) demand that the Lessee, and the Lessee shall upon the written demand of the Lessor, return and surrender the Leased Property promptly to the Lessor in the manner and condition required by, and otherwise in accordance with all of the provisions of, ARTICLES VII and XV hereof as if the Leased Property were being returned at the end of the Lease Term, and the Lessor shall not be liable for the reimbursement of the Lessee for any costs and expenses incurred by the Lessee in connection therewith and (ii) without prejudice to any other remedy which the Lessor may have for possession of the Leased Property, and to the extent and in the manner permitted by Applicable Law, enter upon the Leased Property and take immediate possession of (to the exclusion of the Lessee) the Leased Property or any part thereof and expel or remove the Lessee and any other Person who may be occupying the Leased Property, by summary proceedings or otherwise, all without liability to the Lessee for or by reason of such entry or taking of possession, whether for the restoration of damage to property caused by such taking or otherwise and, in addition to the Lessor's other damages, the Lessee shall be responsible for the reasonable and documented costs and expenses of reletting, including brokers' fees and the reasonable and documented costs of any alterations or repairs made by the Lessor.

(c) Subject to SUBSECTION (e) of this SECTION 14.1, the Lessor may (i) sell all or any part of the Leased Property at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee and without any duty to account to the Lessee with respect to such action or inaction or any proceeds with respect thereto (except to the extent required by CLAUSE (ii) of this SUBSECTION (c) if the Lessor shall elect to exercise its rights thereunder) in which event the Lessee's obligation to pay Basic Rent hereunder for periods commencing after the date of such sale shall be terminated or proportionately reduced, as the case may be and (ii) if the Lessor shall so elect, demand that the Lessee pay to the Lessor, and the Lessee shall pay to the Lessor, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty (the parties hereto agreeing that the Lessor's actual damages would be difficult to predict, but the aforementioned liquidated damages represent a reasonable approximation of such amount) (in lieu of Basic Rent due for periods commencing on or after the Rent Payment Date coinciding with such date of sale (or, if the sale date is not a Rent Payment Date, the Rent Payment Date next preceding the date of such sale)), an amount equal to (A) the excess, if any, of (1) the sum of all Rent due and unpaid to and including such Rent Payment Date plus an amount equal to the Lease Balance as of the date of sale over (2) the net proceeds of such sale (that is, after deducting all costs and expenses incurred by or on behalf of the Lessor incident to such conveyance (including, without limitation, all costs, expenses, fees, premiums and taxes described in SECTION 15.5(b) hereof), plus (B) interest at the Overdue Rate on the foregoing amount from such Rent Payment Date until the date of payment. Any amounts so collected pursuant to this SUBSECTION (c) shall be applied (after first deducting amounts expended by the Lessor in connection with the Leased Property and the Operative Documents and not then

reimbursed) to reduce the Lease Balance. The Lessor agrees, upon the Lessee's written request and at the Lessee's sole expense, to provide the Lessee with an accounting showing in reasonable detail the application of amounts collected pursuant to this SUBSECTION (c).

(d) The Lessor may, at its option, elect not to terminate the Lease, and continue to collect all Basic Rent, Supplemental Rent and all other amounts due the Lessor (together with all costs of collection) and enforce the Lessee's obligations under this Lease as and when the same become due, or are to be performed, and at the option of the Lessor, upon any abandonment of the Leased Property by the Lessee and re-entry of same by the Lessor, the Lessor may, in its sole and absolute discretion, elect not to terminate this Lease and may make such reasonable alterations and necessary repairs in order to relet the Leased Property, and relet the Leased Property or any part thereof for such term or terms (which may be for a long term extending beyond the term of this Lease) and at such rental or rentals and upon such other terms and conditions as the Lessor in its reasonable discretion may deem advisable. Upon each such reletting all rentals actually received by the Lessor from such reletting shall be applied to the Lessee's obligations hereunder in such order, proportion and priority as the Lessor may elect in the Lessor's sole and absolute discretion, and if such rentals received from such reletting during any Rent Period are less than the Rent to be paid during that Rent Period by the Lessee hereunder, the Lessee shall pay any deficiency, as calculated by the Lessor, to the Lessor on the Rent Payment Date in such Rent Period.

(e) Before exercising its rights under SUBSECTIONS (a), (b), (c) or (d) of this SECTION 14.1 with respect to the Leased Property, the Lessor shall first permit the Lessee to purchase, on or before the Default Rent Payment Date (as hereinafter defined), the Lessor's interest in all, but not less than all, of the Leased Property in accordance with the provisions of SECTIONS 15.2, 15.4 and 15.5 hereof; PROVIDED, HOWEVER, that such purchase shall occur on the date set forth in the notice provided for in the following sentence, notwithstanding the provisions in such SECTION 15.2 calling for such purchase to occur on the Lease Termination Date. Before exercising its rights under SUBSECTIONS (a), (b), (c) or (d) of this SECTION 14.1, the Lessor shall provide the Lessee with a written notice stating (i) that an Event of Default has occurred and is then continuing, (ii) that, if left uncured, the Lessor intends to pursue one or more of the remedies set forth in SUBSECTIONS (a), (b), (c) and (d) of this SECTION 14.1 if the Lessee does not purchase the Leased Property on or before the Default Rent Payment Date, (iii) the date specified by the Lessor as the Default Rent Payment Date and (iv) that the Lessee must either cure the Event of Default or purchase all, but not less than all, of the Leased Property on or before the Default Rent Payment Date pursuant to the provisions of SECTIONS 15.2, 15.4 and 15.5 hereof. As used herein, "DEFAULT RENT PAYMENT DATE" shall mean the Business Day, selected by the Lessor, occurring at least 30 days after the date of the notice described in the immediately preceding sentence or if less than 30 days remain until the Scheduled Termination Date, such Scheduled Termination Date. It shall only be necessary for the Lessor to provide the Lessee one opportunity to purchase the Leased Property pursuant to this SUBSECTION (e) unless the Credit Bank and the Lessor shall, in a written notice delivered to the Lessee, have waived the Event of Default and expressly reinstated the Lessee's opportunity to purchase the Lessor's interest in the Leased Property pursuant to this subsection.

(f) To the extent not inconsistent with SUBSECTION (e) of this SECTION 14.1, the Lessor may exercise any other right or remedy that may be available to it under Applicable Law, or proceed by appropriate court action (legal or equitable) to enforce the terms hereof or to recover

damages for the breach hereof. Separate suits may be brought to collect any such damages for any Rent Period(s), and such suits shall not in any manner prejudice the Lessor's right to collect any such damages for any subsequent Rent Period(s), or the Lessor may defer any such suit until after the expiration of the Lease Term, in which event such suit shall be deemed not to have accrued until the expiration of the Lease Term.

(g) The Lessor may retain and apply against the Lessor's damages all sums which the Lessor would, absent such Event of Default, be required to pay, or turn over, to the Lessee pursuant to the terms of this Lease.

SECTION 14.2 REMEDIES CUMULATIVE; NO WAIVER; CONSENTS. To the extent permitted by, and subject to the mandatory requirements of, Applicable Law (subject in all events to SECTION 14.1(e) hereof), each and every right, power and remedy herein specifically given to the Lessor or otherwise in this Lease shall be cumulative and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or by statute, and each and every right, power and remedy whether specifically herein given or otherwise existing may be exercised from time to time and as often and in such order as may be deemed expedient by the Lessor, and the exercise or the beginning of the exercise of any power or remedy shall not be construed to be a waiver of the right to exercise at the same time or thereafter any right, power or remedy. No delay or omission by the Lessor in the exercise of any right, power or remedy or in the pursuit of any remedy shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of the Lessee or to be an acquiescence therein. The Lessor's consent to any request made by the Lessee shall not be deemed to constitute or preclude the necessity for obtaining the Lessor's consent, in the future, to all similar requests. No express or implied waiver by the Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future Event of Default. To the extent permitted by Applicable Law, the Lessee hereby waives any rights now or hereafter conferred by statute or otherwise that may require the Lessor to sell, lease or otherwise use the Leased Property or part thereof in mitigation of the Lessor's damages upon the occurrence of an Event of Default or that may otherwise limit or modify any of the Lessor's rights or remedies under this ARTICLE XIV.

ARTICLE XV
SALE, RETURN OR PURCHASE OF PROPERTY

SECTION 15.1 LESSEE'S OPTION TO PURCHASE. Subject to the terms and conditions and provisions set forth in this ARTICLE XV, PROVIDED that no Event of Default shall have occurred and be continuing Lessee shall have the option (the "PURCHASE OPTION"), exercisable at any time during the Lease Term on or prior to the tenth Business Day next preceding the Scheduled Termination Date, to purchase from the Lessor the Lessor's interest in any of the Properties for a purchase price equal to the Purchase Option Price for such Property. Such option must be exercised by written notice to the Lessor and the Credit Bank, which exercise shall be irrevocable, and such notice will specify the closing date for the Lessee's purchase of the specified Property, which date shall be (i) not less than ten (10) Business Days or more than 90 calendar days following the Lessor's receipt of such notice and (ii) in any event not later than the Scheduled Termination Date. If the Purchase Option is exercised pursuant to the foregoing, then, subject to the provisions set

forth in this ARTICLE XV, on such closing date, the Lessor shall convey to the Lessee, and the Lessee shall purchase from the Lessor, all, but not less than all, of the Lessor's interest in the specified Property. If the Lessee fails to exercise the Purchase Option in a timely manner, then the Purchase Option shall thereupon automatically terminate without any further action of the Lessor, and the Purchase Option shall thereafter be of no force or effect.

SECTION 15.2 EXTENSION; PURCHASE OBLIGATION.

(a) EXTENSION OF LEASE TERM. Provided that (i) the Lessee shall not have exercised the Purchase Option and purchased all of the Leased Property pursuant thereto, (ii) the Lessee shall not have exercised the Remarketing Option and fulfilled all of the conditions of SECTION 15.6 hereof, (iii) in the event the Lessee shall have exercised the Remarketing Option and fulfilled the conditions of SECTION 15.6 hereof, the Lessor shall not have either sold its interest in the Leased Property pursuant thereto or rejected such sale pursuant to SECTION 15.6(XI) hereof, and (iv) no Default or Event of Default shall have occurred and remain uncured, THEN, on or prior to the Lease Termination Date, the Lessee and the Lessor may provide for an extension to the Lease Term on mutually agreeable terms, provided that all such amendments to the Operative Documents necessary to implement such extension (including, but not limited to required amendments of the Borrower Promissory Note) shall be mutually agreeable to all parties to the Participation Agreement, except that the approval of the Credit Bank shall not be required in the event that all Letter of Credit Liabilities and other amounts payable to the Credit Bank under the Reimbursement Agreement have been paid in full, the Letter of Credit shall have been returned to the Credit Bank for cancellation, and an Alternate Letter of Credit shall have been delivered to the Note Trustee in accordance with SECTION 8.05 of the Note Indenture and SECTION 2.8 of the Participation Agreement.

(b) PURCHASE OBLIGATION. Unless any one of the following numbered events shall have occurred: (i) the Lessee shall have properly exercised the Purchase Option with respect to all of the Leased Property and purchased all of the Leased Property pursuant thereto; (ii) the Lessee shall have properly exercised the Remarketing Option and shall have fulfilled all of the conditions of SECTION 15.6 hereof and the Lessor shall have sold its interest in the Leased Property pursuant thereto; (iii) the Lessee shall have properly exercised the Remarketing Option and shall have fulfilled all of the conditions of SECTION 15.6 hereof but the Lessor shall have rejected such sale pursuant to SECTION 15.6(xi) hereof and the Lessee shall then have timely fulfilled all of its obligations under SECTION 15.7 and 15.8 hereof; or (iv) the Lease Term shall have been extended in accordance with SECTION 15.2(a) hereof; THEN, subject to the terms, conditions and provisions set forth in this ARTICLE XV, the Lessee shall purchase from the Lessor, and the Lessor shall convey to the Lessee, on the Lease Termination Date all of the Lessor's interest in the Leased Property for the purchase price specified in SECTION 15.4 hereof. The Lessee may designate, in a notice given to the Lessor not less than ten (10) Business Days prior to the closing of such purchase (time being of the essence), the transferee to whom the conveyance shall be made (if other than to the Lessee), in which case such conveyance shall (subject to the terms and conditions set forth herein) be made to such designee; provided, however, that such designation of a transferee shall not cause the Lessee to be released, fully or partially, from any of its obligations under this Lease.

SECTION 15.3 ACCELERATION OF PURCHASE OBLIGATION. The Lessee shall be obligated to purchase the Lessor's interest in the Leased Property immediately, and automatically, for the purchase price set forth in SECTION 15.4 hereof, and without notice upon the occurrence of any Event of Default specified in CLAUSE (g) of ARTICLE XIII hereof; provided, however, that (without affecting any of the Lessee's obligations under SECTION 15.5 hereof or otherwise) the Lessor's obligations under SECTION 15.5(a) hereof shall be limited to delivery of a quit claim deed of the Leased Property.

SECTION 15.4 DETERMINATION OF PURCHASE PRICE. Upon the purchase by the Lessee of all the Lessor's interest in the Leased Property pursuant to SECTIONS 15.2 or 15.3 hereof, the purchase price for the Leased Property shall be an amount equal to the Lease Balance as of the closing date therefor.

SECTION 15.5 PURCHASE PROCEDURE.

(a) If the Lessee shall purchase the Lessor's interest in the Leased Property pursuant to any provision of this Lease (other than as provided in SECTION 15.3 hereof), (i) the Lessee shall accept from the Lessor, and the Lessor shall convey to the Lessee, a conveyance of the Property or Properties to be purchased pursuant to the provisions of SECTION 15.1, or, in any other case, of all the Leased Property, by a duly executed and acknowledged special warranty deed in recordable form, (ii) upon the date fixed for any purchase hereunder of the Lessor's interest in any Property pursuant to SECTION 15.1, and in any other case, the Leased Property, the Lessee shall pay to the order of the Lessor the applicable purchase price for the Property, or all the Leased Property, as the case may be, by wire transfer of federal funds and (iii) the Lessor shall convey to the Lessee the Lessor's interest in the Leased Property via the special warranty deed described above and the Lessor will execute and deliver to the Lessee such other documents as may be legally required in order to effect such conveyance, and such other documents as may be required by the escrow agent in order to close escrow and issue to the Lessee an ALTA owners title policy in respect of such Property subject only to (A) the exceptions set forth on Schedule B of the Title Policy other than the applicable Mortgage and the Assignment of Lease and Rents, (B) such exceptions created or caused by the Lessee, or otherwise resulting from any act or failure to act by the Lessee, or consented to by the Lessee and (C) taxes and assessments not yet due and payable.

(b) In the event that the Lessee exercises the Remarketing Option pursuant to SECTION 15.6 hereof and fulfills all of the conditions set forth in CLAUSES (i) through (xiii) thereof (collectively, the "Remarketing Conditions"), and if the Lessor does not reject the purchase offer for the Leased Property as provided in SECTION 15.6 (xi) hereof, then upon payment of the purchase price and the satisfaction by such purchaser of all of the applicable closing conditions, the Lessor shall convey to such purchaser the Lessor's interest in the Leased Property by a duly executed and acknowledged trustee's fiduciary deed in recordable form, and the Lessor will execute and deliver to such purchaser (or the Lessee, as appropriate) such other documents as may be legally required in order to effect such conveyance, and such other documents as may be required by such purchaser's title insurance company in order to issue to such purchaser an ALTA owners title insurance policy for each Parcel subject only to (i) the exceptions set forth on Schedule B of the Title Policy, other than the applicable Mortgage and the Assignment of Lease and Rents, (ii) such exceptions created or caused by the Lessee, or otherwise resulting from any act or failure to act by the Lessee, or consented to by the Lessee and (iii) taxes and assessments not yet due and payable.

(c) The Lessee shall, at Lessee's sole cost and expense, obtain all required governmental and regulatory approval and consents and shall make such filings as required by Applicable Law. In the event that the Lessor is required by Applicable Law to take any action in connection with such purchase and sale, the Lessee shall pay all costs incurred by the Lessor in connection therewith. In addition, all charges incident to such conveyance, including, without limitation, the Lessee's attorneys' fees, the Lessor's reasonable attorneys' fees, commissions, the Lessee's and the Lessor's escrow fees, recording fees, title insurance premiums and all applicable documentary transfer or other transfer taxes and other taxes required to be paid in order to record the transfer documents that might be imposed by reason of such conveyance and the delivery of such deed shall be borne entirely and paid by the Lessee.

(d) Upon expiration or termination of this Lease resulting in conveyance of the Lessor's interest in the title to the Leased Property to the Lessee, there shall be no apportionment of taxes, insurance, utility charges or other charges payable with respect to the Leased Property, all of such taxes, insurance, utility or other charges due and payable with respect to the Leased Property prior to termination being payable by the Lessee hereunder and all due after such time being payable by the Lessee as the then owner of the Leased Property.

SECTION 15.6 OPTION TO REMARKET. Subject to the fulfillment of each of the conditions set forth in this SECTION 15.6, the Lessee shall have the option (the "Remarketing Option") to market the Leased Property for the Lessor and to procure a purchaser therefor. The Lessee's effective exercise and consummation of the Remarketing Option shall be subject to the due and timely fulfillment of each of the following provisions, the failure of any of which shall render the Remarketing Option and the Lessee's exercise thereof null and void, in which event, the Lessee shall be obligated to perform its obligations under SECTION 15.2 hereof, "Purchase Obligation":

(i) Not earlier than six months nor later than 90 days before the Scheduled Termination Date, the Lessee shall give to the Lessor written notice of the Lessee's exercise of the Remarketing Option, which exercise shall be irrevocable unless otherwise agreed in writing by the Credit Bank.

(ii) Not later than ten (10) Business Days prior to the Lease Termination Date, the Lessee shall deliver to the Lessor an environmental assessment of the Leased Property dated not later than forty-five (45) days prior to the Lease Termination Date. Such environmental assessment shall be prepared by an environmental consultant selected by the Lessee and reasonably acceptable to the Lessor and the Credit Bank, shall be in form, detail and substance reasonably acceptable to the Lessor and the Credit Bank, and shall otherwise indicate the environmental condition of the Leased Property to be the same as described in the Environmental Audit for the Leased Property delivered in connection with the Closing.

(iii) On the date of the Lessee's notice to the Lessor of the Lessee's exercise of the Remarketing Option, no Event of Default shall exist, and thereafter, no Event of Default shall have occurred and remain outstanding on the Scheduled Termination Date.

(iv) The Lessee shall have completed all Alterations, restoration and rebuilding of the Leased Property pursuant to SECTIONS 7.2, 11.3 and 11.4 hereof (as the case may be) and shall have fulfilled all of the conditions and requirements in connection therewith pursuant to said Sections, in each case by the date on which the Lessor receives the Lessee's notice of the Lessee's exercise of the Remarketing Option (time being of the essence), regardless of whether the same shall be within the Lessee's control.

(v) Once the Lessee has exercised the Remarketing Option as provided in CLAUSE (I) of this SECTION 15.6, the Lessee shall, as nonexclusive agent for the Lessor, use commercially reasonable efforts to sell the Lessor's interest in the Leased Property and will attempt to obtain the highest purchase price therefor. The Lessee will be responsible for hiring brokers and making the Leased Property available for inspection by prospective purchasers. The Lessee shall promptly provide any maintenance records relating to the Leased Property to the Lessor and any potential purchaser upon request, and shall otherwise do all things necessary to sell and deliver possession of the Leased Property to the purchaser. All such marketing of the Leased Property shall be at the Lessee's sole expense. The Lessee shall allow the Lessor, the Credit Bank and any potential qualified purchaser access to the Leased Property for the purpose of inspecting the same.

(vi) The Lessee shall submit all bids to the Lessor and the Credit Bank and the Lessor and the Credit Bank will have the right to review the same and the right to submit any one or more bids. All bids shall be on an "all-cash" basis (at least up to the Lease Balance with respect to such Leased Property). The Lessee shall procure bids from one or more bona fide prospective purchasers and shall deliver to the Lessor and the Credit Bank not less than ninety (90) days prior to the Lease Termination Date a binding written irrevocable offer by such purchaser offering (subject to customary conditions which do not violate the provisions of CLAUSE viii of this SECTION 15.6) the highest "all-cash" bid to purchase the Leased Property. Such purchaser shall not be the Lessee or any Subsidiary or Affiliate of the Lessee. The written offer must specify the Lease Termination Date as the closing date.

(vii) On the Lease Termination Date, the Lessee shall surrender the Leased Property in accordance with SECTION 15.8 hereof.

(viii) In connection with any such sale of the Lessor's interest in the Leased Property, the Lessee may provide to the purchaser any such customary "seller's" indemnities, representations and warranties regarding title, absence of Liens (except Lessor's Liens) and the condition of the Leased Property, including, without limitation, an environmental indemnity, as the Lessee may determine to provide in the exercise of its business judgment and sole discretion, PROVIDED, HOWEVER, that no such indemnities, representations or warranties shall be binding on the Lessor, nor shall they create liabilities, charges, offsets or Claims, contingent or otherwise, which could diminish, offset or impose a lien upon the amount of the cash proceeds payable to the Lessor under such purchase offer, nor shall the Lessor be under any obligation to join in or become obligated for the same, except that the Lessor shall fulfill all of the requirements set forth in CLAUSE (b) of SECTION 15.5 hereof, and such requirements are incorporated herein by reference. As to the

Lessor, any such sale shall be made on an "AS IS, WITH ALL FAULTS" basis without representation or warranty by the Lessor other than the absence of Lessor's Liens.

(ix) The Lessor shall pay from the sale proceeds, all prorations, credits, costs and expenses of the sale of the Leased Property, including without limitation the cost of all title insurance, surveys, environmental reports, appraisals, transfer taxes, the Lessor's reasonable attorneys' fees, commissions, escrow fees, recording fees, and all applicable documentary and other transfer taxes.

(x) The Lessee shall pay to the Credit Bank on the Lease Termination Date an amount equal to the Recourse Deficiency Amount applicable to the Leased Property, in the type of funds specified in SECTION 4.3 hereof.

(xi) If the selling price (net of closing costs and prorations and other amounts payable by the Lessor under CLAUSE (ix) of this SECTION 15.6, as reasonably estimated by the Lessor) plus the Recourse Deficiency Amount is less than the Lease Balance, then the Lessor may, and at the written request of the Credit Bank shall, by notice to the Lessee, subject to SECTION 4.01 of the Reimbursement Agreement, reject such offer to purchase, in which event the parties hereto will proceed according to the provisions of SECTION 15.7 "Rejection of Sale" hereof.

(xii) If the Lessor does not reject such purchase offer as provided above, the closing of such purchase of the Leased Property by such purchaser must occur on the Lease Termination Date, contemporaneously with the Lessee's surrender of the Leased Property in accordance with SECTION 15.8 hereof.

(xiii) If the Lessor does not reject the purchase offer as provided above, then the purchase shall be consummated on the Lease Termination Date and the gross proceeds of the sale (i.e., without deduction for any marketing, closing or other costs, prorations or commissions) shall be paid directly to the Credit Bank; PROVIDED, HOWEVER, that if the sum of the gross proceeds from such sale plus the Recourse Deficiency Amount exceeds the Lease Balance, as of such date, then an amount of gross proceeds from such sale equal to such excess shall be paid to the Lessee on the Lease Termination Date.

If one or more of the foregoing provisions shall not be fulfilled as of the Lease Termination Date or if the Leased Property is not purchased as aforesaid for any other reason whatsoever other than solely due to rejection by the Lessor of such sale pursuant to SUBSECTION (xi) of this SECTION 15.6, then the Lessor may, and at the written request of the Credit Bank shall, subject to SECTION 4.01 of the Reimbursement Agreement, declare by written notice to the Lessee the Remarketing Option to be null and void (whether or not it has been theretofore exercised by the Lessee), in which event all of the Lessee's rights under this SECTION 15.6 shall immediately terminate and the Lessee shall be obligated to purchase the Leased Property pursuant to SECTION 15.2 hereof on the Lease Termination Date. If the prospective purchaser breaches its offer to purchase, then the Lessor may, in the Lessor's sole discretion, declare the Remarketing Option to be null and void, in which event all of the Lessee's rights under this SECTION 15.6 shall immediately terminate and the Lessee shall be obligated to purchase the Leased Property pursuant to SECTION 15.2 hereof. The Lessee shall have no

right, power or authority to bind the Lessor in connection with any proposed sale of the Leased Property.

SECTION 15.7 REJECTION OF SALE.

(a) Notwithstanding anything contained herein to the contrary, if the Lessor rejects the purchase offer for the Leased Property as provided in SECTION 15.6(xi) hereof, then (i) on the Lease Termination Date the Lessee shall pay to the Credit Bank without notice or demand the Recourse Deficiency Amount in the manner provided in SECTION 15.6(x) hereof, (ii) the Lessor shall retain title to the Leased Property and (iii) in addition to the Lessee's other obligations hereunder, the Lessee shall be responsible for, and shall reimburse the Lessor, within ten (10) Business Days after written request, for all reasonable costs and expenses incurred by the Lessor during the period ending on the first anniversary of the Lease Termination Date in connection with owning, paying taxes with respect to, maintaining, insuring, marketing, sale, closing or transfer of the Leased Property, which obligation shall survive the Lease Termination Date and the termination or expiration of this Lease.

(b) Following any rejection by the Lessor of the purchase offer for the Leased Property pursuant to the provisions of SECTION 15.6(XI) hereof, subject to the condition that the Lessee shall have:

(i) timely paid the Recourse Deficiency Amount to the Credit Bank on or before the Lease Termination Date,

(ii) duly and timely fulfilled each of the other provisions of the Remarketing Conditions on or before the Lease Termination Date, and

(iii) on and after the Lease Termination Date, timely fulfilled each and every obligation of the Lessee under this Lease, the Participation Agreement and the other Operative Documents on its part to be performed, and no Event of Default shall have occurred, THEN,

upon the subsequent sale of the Leased Property by the Lessor to a third party, the Lessor shall pay to the Lessee an amount equal to the Lessor's gain (if any) on the sale, computed taking into account the Lessor's total investment in the Leased Property (including, without limitation, any portion of the Lease Balance remaining unpaid after application of the Recourse Deficiency Amount paid pursuant to SECTION 15.6(x) hereof, if any) plus all of the Lessor's unreimbursed costs and expenses (capital or otherwise) relating to the Leased Property, plus an annual return thereon computed at the Overdue Rate, less the net avails of any reletting of the Leased Property or any part thereof. To the extent that the Lessor shall receive payment in the form of purchase-money indebtedness in connection with any such sale, the Lessor's duty to account to the Lessee pursuant to this SECTION 15.7(b) shall be suspended until such time as the Lessor receives payment thereon.

SECTION 15.8 RETURN AND SURRENDER OF LEASED PROPERTY. If the Lessor retains title to the Leased Property pursuant to SECTION 15.7 hereof, then the Lessee shall, on the Lease Termination Date, and at its own expense, return and surrender possession of the Leased Property to the Lessor for retention by the Lessor or if the Lessee properly exercises the Remarketing Option and fulfills all of the conditions of SECTION 15.6 hereof and the Lessor does not reject such purchase offer pursuant to SECTION 15.6(xi) hereof, then the Lessee shall (unless by agreement with the purchaser the Lessee is to remain in possession of the Leased Property), on the Lease Termination Date and at its own cost, transfer and surrender possession of the Leased Property to the independent purchaser thereof, in each case by surrendering the same into the possession of the Lessor or such purchaser, as the case may be, free and clear of all Liens other than Lessor Liens and Liens described in CLAUSE (vi) of the definition of Permitted Liens, in as good condition as it was on the Completion Date (as modified by Alterations permitted by this Lease), ordinary wear and tear excepted, and in compliance with Applicable Law. The Lessee shall, on and within a reasonable time before and after the Lease Termination Date, cooperate with the Lessor and the independent purchaser of the Leased Property in order to facilitate the ownership and operation by such purchaser of the Leased Property after the Lease Termination Date, which cooperation shall include the following, all of which the Lessee shall do on or before the Lease Termination Date or as soon thereafter as is reasonably practicable: providing all books and records regarding the maintenance and ownership of the Leased Property and all know-how, data and technical information relating thereto to the extent in the Lessee's possession, providing a current copy of the Plans and Specifications, assigning all licenses necessary for the operation and maintenance of the Leased Property to the extent the Lessee has the legal right to do so and cooperating in seeking and obtaining all necessary Governmental Action relating to occupancy but not special use by the purchaser thereof. The Lessee shall have also paid the cost of all Alterations commenced prior to the Lease Termination Date. The obligation of the Lessee under this ARTICLE XV shall survive the expiration or termination of this Lease.

SECTION 15.9 EFFECT OF CONVEYANCE TO THE LESSEE. Upon conveyance of the Leased Property after the exercise by the Lessee of any of its rights to purchase the Leased Property, including its rights under SECTION 14.1(e) hereof or after exercise of the Remarketing Option, this Lease shall automatically terminate unless the Lessee otherwise elects in writing. Upon such termination, the parties hereto shall execute, acknowledge and deliver to each other an appropriate agreement evidencing such termination in recordable form.

ARTICLE XVI LESSEE'S EQUIPMENT

After any repossession of the Leased Property (whether or not this Lease has been terminated), the Lessee, at its expense and so long as such removal shall not result in a violation of Applicable Law, shall, within a reasonable time after such repossession or within sixty (60) days after the Lessee's receipt of the Lessor's written request (whichever shall first occur), remove all of the Lessee's trade fixtures, personal property and equipment from the Leased Property (to the extent that the same can be readily removed from the Leased Property without causing material damage to or materially impairing the value of the Leased Property); PROVIDED, HOWEVER, that the Lessee shall not remove any fixture, equipment or personal property which constitutes part of the Leased Property. Any of the Lessee's trade fixtures, personal property and equipment not so removed by

the Lessee within such period shall be considered abandoned by the Lessee, and title thereto shall without further act vest to the Lessor, and may be appropriated, sold, destroyed or otherwise disposed of by the Lessor without notice to the Lessee and without obligation to account therefor and the Lessee will pay the Lessor, upon written demand, all reasonable and documented costs and expenses incurred by the Lessor in removing, storing or disposing of the same and all costs and expenses incurred by the Lessor to repair any damage to the Leased Property caused by such removal. The Lessee will immediately repair at its expense all damage to the Leased Property caused by any such removal (unless such removal is effected by the Lessor, in which event the Lessee shall pay all reasonable costs and expenses incurred by the Lessor for such repairs). The Lessor shall have no liability in exercising the Lessor's rights under this ARTICLE XVI, nor shall the Lessor be responsible for any loss of or damage to the Lessee's personal property and equipment in connection therewith.

ARTICLE XVII
RIGHT TO PERFORM FOR LESSEE

If the Lessee shall fail to perform or comply with any of its agreements contained herein the Lessor may, on thirty (30) days' prior notice (or such lesser period afforded by Applicable Law or any third party, except that no notice shall be required in the case of a default in the observance of the obligations to maintain insurance pursuant to ARTICLE IX hereto) to the Lessee, perform or comply with such agreement, and the Lessor shall not thereby be deemed to have waived any default caused by such failure, and the amount of such payment and the amount of the expenses of the Lessor (including reasonable attorney's fees and expenses) incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, shall be deemed Supplemental Rent, payable by the Lessee to the Lessor within ten (10) days after written demand therefor.

ARTICLE XVIII
MISCELLANEOUS

SECTION 18.1 REPORTS. To the extent required under Applicable Law and to the extent it is reasonably practical for the Lessee to do so, the Lessee shall prepare and file in timely fashion, or, where such filing is required to be made by the Lessor or it is otherwise not reasonably practical for the Lessee to make such filing, the Lessee shall prepare and deliver to the Lessor (with a copy to the Credit Bank) within a reasonable time prior to the date for filing and the Lessor shall file, any material reports with respect to the condition or operation of the Leased Property that shall be required to be filed with any Governmental Authority.

SECTION 18.2 BINDING EFFECT; SUCCESSORS AND ASSIGNS. The terms and provisions of this Lease, and the respective rights and obligations hereunder of the Lessor and the Lessee, shall be binding upon their respective successors, legal representatives and assigns (including, in the case of the Lessor, any Person to whom the Lessor may transfer the Leased Property or any interest therein in accordance with the provisions of the Operative Documents), and inure to the benefit of their respective permitted successors and assigns, and the rights hereunder of the Credit Bank shall inure (subject to such conditions as are contained herein) to the benefit of the Credit Bank's permitted successors and assigns.

SECTION 18.3 QUIET ENJOYMENT The Lessor covenants that, so long as no Event of Default has occurred and is continuing, it will not interfere in the Lessee's or any of its subLessee's quiet enjoyment of the Leased Property in accordance with this Lease during the Lease Term.

SECTION 18.4 NOTICES. Unless otherwise specified herein, all notices, offers, acceptances, rejections, consents, requests, demands or other communications to or upon the respective parties hereto shall be in accordance with SECTION 8.2 of the Participation Agreement.

SECTION 18.5 SEVERABILITY. Any provision of this Lease that shall be prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction, and the Lessee shall remain liable to perform its obligations hereunder except to the extent of such unenforceability. To the extent permitted by Applicable Law, the parties hereto hereby waive any provision of law that renders any provision hereof prohibited or unenforceable in any respect.

SECTION 18.6 AMENDMENT; COMPLETE AGREEMENTS. Neither this Lease nor any of the terms hereof may be terminated, amended, supplemented, waived or modified, except in accordance with the provisions of SECTION 8.4 of the Participation Agreement. This Lease, together with the other Operative Documents, is intended by the parties hereto as a final expression of their lease agreement and as a complete and exclusive statement of the terms thereof, all negotiations, considerations and representations between the parties hereto having been incorporated herein and therein. No course of prior dealings between the parties hereto or their officers, employees, agents or Affiliates shall be relevant or admissible to supplement, explain, or vary any of the terms of this Lease or any other Operative Document. Acceptance of, or acquiescence in, a course of performance rendered under this or any prior agreement between the parties hereto or their Affiliates shall not be relevant or admissible to determine the meaning of any of the terms of this Lease or any other Operative Document. No representations, undertakings, or agreements have been made or relied upon in the making of this Lease other than those specifically set forth in the Operative Documents.

SECTION 18.7 CONSTRUCTION. This Lease shall not be construed more strictly against any one party, it being recognized that both of the parties hereto have contributed substantially and materially to the preparation and negotiation of this Lease.

SECTION 18.8 HEADINGS. The Table of Contents and headings of the various Articles and Sections of this Lease are for convenience of reference only and shall not modify, define or limit any of the terms or provisions hereof.

SECTION 18.9 COUNTERPARTS. This Lease may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto or thereto be contained on any one counterpart hereof or thereof. Additionally, the parties hereto agree that for purposes of facilitating the execution of this Lease, (a) the signature pages taken from the separate individually executed counterparts of this Lease may be combined to form

multiple fully executed counterparts and (b) a signature delivered by facsimile transmission shall be deemed to be an original signature for all purposes. All executed counterparts of this Lease shall be deemed to be originals, but all such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

SECTION 18.10 GOVERNING LAW. THIS LEASE SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO CONFLICTS OF LAW PRINCIPLES, EXCEPT AS TO MATTERS RELATING TO THE CREATION OF THE LEASEHOLD ESTATES IN THE RESPECTIVE PROPERTIES DEMISED HEREUNDER AND THE EXERCISE OF RIGHTS AND REMEDIES WITH RESPECT THERETO, WHICH SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE WHEREIN WHICH EACH SUCH PROPERTY IS LOCATED. WITHOUT LIMITING THE FOREGOING, IN THE EVENT THAT THIS LEASE IS DEEMED TO CONSTITUTE A FINANCING, WHICH IS THE INTENTION OF THE PARTIES, THE LAWS OF THE STATE OF OHIO, WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, SHALL GOVERN THE CREATION, TERMS AND PROVISIONS OF THE INDEBTEDNESS EVIDENCED HEREBY, BUT THE LIEN CREATED HEREBY AND THE CREATION, PRIORITY AND THE ENFORCEMENT OF SAID LIEN SHALL BE GOVERNED BY AND CONSTRUED IN ACCORDANCE WITH THE LAW OF THE STATE WHEREIN WHICH EACH SUCH PROPERTY AND LIEN ARE LOCATED.

SECTION 18.11 DISCHARGE OF LESSEE'S OBLIGATIONS BY THEIR AFFILIATES. The Lessor agrees that performance of any of the Lessee's obligations hereunder by one or more of the Lessee's Affiliates or one or more of the Lessee's sublessees of the Leased Property or any part thereof shall constitute performance by the Lessee of such obligations to the same extent and with the same effect hereunder as if such obligations were performed by the Lessee, but no such performance shall excuse the Lessee from any obligation not performed by it or on its behalf under the Operative Documents.

SECTION 18.12 LIABILITY OF LESSOR LIMITED. Except as otherwise expressly provided below in this SECTION 18.12, it is expressly understood and agreed by and between the Lessee, the Lessor and their respective successors and assigns that nothing herein contained shall be construed as creating any personal liability of the Lessor or any of its Affiliates, or any of their respective incorporators, stockholders, officers, directors, employees or agents, individually or personally, to perform any covenant, either express or implied, contained herein, all such personal liability, if any, being expressly waived by the Lessee and by each and every Person now or hereafter claiming by, through or under the Lessee, and that, so far as the Lessor or any of its Affiliates or any of their respective incorporators, stockholders, officers, directors, employees or agents, individually or personally, is concerned, the Lessee and any Person claiming by, through or under the Lessee shall look solely to, and the liability of the Lessor hereunder shall be limited to, the right, title and interest of the Lessor in the Leased Property, any proceeds from the Lessor's sale or encumbrance thereof, and any Awards or Loss Proceeds (PROVIDED, HOWEVER, that the Lessee shall not be entitled to any double recovery) for the performance of any obligation under this Lease and under the Operative Documents and the satisfaction of any liability arising therefrom.

SECTION 18.13 ESTOPPEL CERTIFICATES. Each party hereto agrees that at any time and from time to time during the Lease Term, it will promptly, but in no event later than thirty (30) days after request by the other party hereto, execute, acknowledge and deliver to such other party or to the Credit Bank, any prospective purchaser (if such prospective purchaser has signed a commitment or letter of intent to purchase the Leased Property or any part thereof) assignee or mortgagee or third party designated by such other party, a certificate stating (i) that this Lease is unmodified and in force and effect (or if there have been modifications, that this Lease is in force and effect as modified, and identifying the modification agreements), (ii) the date to which Basic Rent has been paid, (iii) whether or not there is any existing default by the Lessee in the payment of Basic Rent or any Supplemental Rent hereunder, and whether or not there is any other existing default by either party with respect to which a notice of default has been served, and, if there is any such default, specifying the nature and extent thereof, (iv) whether or not, to the knowledge of the signer, there are any setoffs, defenses or counterclaims against enforcement of the obligations to be performed hereunder existing in favor of the party executing such certificate and (v) other matters concerning the status of this Lease and any of the Operative Documents to which the Lessee is a party that may be reasonably requested; provided, however, that no such certificate may be requested unless the requesting party has a good faith reason for such request.

SECTION 18.14 NO JOINT VENTURE. Any intention to create a joint venture or partnership relation between the Lessor and the Lessee is hereby expressly disclaimed.

SECTION 18.15 NO ACCORD AND SATISFACTION. The acceptance by the Lessor of any sums from the Lessee (whether as Basic Rent or otherwise) in amounts which are less than the amounts due and payable by the Lessee hereunder is not intended, nor shall any such acceptance be construed, to constitute an accord and satisfaction of any dispute between the Lessor and the Lessee regarding sums due and payable by the Lessee hereunder, unless the Lessor specifically deems it as such in writing.

SECTION 18.16 NO MERGER. In no event shall the leasehold interests, estates or rights of the Lessee hereunder merge with any interests, estates or rights of the Lessor in or to the Leased Property, it being understood that such leasehold interests, estates and rights of the Lessee hereunder shall be deemed to be separate and distinct from the Lessor's interests, estates and rights in or to the Leased Property, notwithstanding that any such interests, estates or rights shall at any time or times be held by or vested in the same person, corporation or other entity.

SECTION 18.17 SURVIVAL. The obligations of the Lessee to be performed under this Lease prior to the termination hereof and the obligations of the Lessee pursuant to ARTICLE IV, ARTICLES XI, XII, XIV, SECTIONS 15.2, 15.3, 15.4, 15.5, 15.8, ARTICLES XVI and XVII, and SECTIONS 18.10 and 18.12 hereof shall survive the expiration or termination of this Lease. The extension of any applicable statute of limitations by the Lessor, the Lessee, the Credit Bank or any Indemnitee shall not affect such survival. If any right or option of the Lessee or the Lessor provided in this Lease would, in the absence of the limitation imposed by this sentence, be invalid or unenforceable as being in violation of the rule against perpetuities or any other rule of law relating to the vesting of an interest in or the suspension of the power of alienation of property, then such right or option shall be exercisable only during the period which shall end twenty-one

(21) years after the date of death of the last survivor of the descendants of John F. Kennedy, the former President of the United States, Henry Ford, the deceased automobile manufacturer, and John D. Rockefeller, the founder of the Standard Oil Company, known to be alive on the date of the execution, acknowledgement and delivery of this Lease.

SECTION 18.18 ORIGINAL LEASE; CHATTEL PAPER. The SINGLE executed original of this Lease marked "THIS COUNTERPART IS THE ORIGINAL EXECUTED COUNTERPART" on the signature page thereof and containing the receipt of the Lessor therefor on or following the signature page thereof shall be the Original Executed Counterpart of this Lease (the "ORIGINAL EXECUTED COUNTERPART"). To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the Original Executed Counterpart.

SECTION 18.19 TIME OF ESSENCE. Time is of the essence of this Lease.

SECTION 18.20 RECORDATION OF MEMORANDUM OF LEASE. The Lessee will, at its expense, cause the appropriate Memorandum of Lease to be recorded in the proper office or offices in each State and each county in which any portion of the Leased Property is located.

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have caused this Lease Agreement to be executed by their respective duly authorized officers as of the day and year first above written.

Witnesses:

ASSET HOLDINGS III, L.P., as the Lessor

Signature Illegible

Print Name: Illegible

By: Realty Facility Holdings I, L.L.C.,
its general partner

Richard W. Rubenstein

Print Name: Richard W. Rubenstein

By: Robert F. Gage

Robert F. Gage, President

ADESA CORPORATION

Denise L. McAtee

Print Name: Denise L. McAtee

By: W. T. Stackhouse

William T. Stackhouse,
Chief Financial Officer

Linda Klingensmith

Print Name: Linda Klingensmith

STATE OF Ohio)
-----) SS.
COUNTY OF Franklin)

On this 1 day of April, 2000, before me, a Notary Public in and for said county and state, personally appeared Robert F. Gage, the President of Realty Facility Holdings I, L.L.C., an Ohio limited liability company and the general partner of Asset Holdings III, L.P., an Ohio limited partnership, who acknowledged that with due authorization, he did sign said instrument for and on behalf of Asset Holdings III, L.P, and that the same is his free act and deed individually as such officer, and the free act and deed of Asset Holdings III, L.P.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[Notary Seal] Ezell Hartman Underdown,
State of Ohio Attorney At Law

Ezell Hartman Underdown

Notary Public

Notary Public, State of Ohio
My commission has
no expiration date
Section 147.03 R.C.

STATE OF Indiana)
-----) SS.
COUNTY OF Marion)

On this day of March, 2000, before me, a Notary Public in and for said county and state, personally appeared William T. Stackhouse, the Chief Financial Officer of ADESA Corporation, an Indiana corporation, who acknowledged that with due authorization, he did sign said instrument for and on behalf of ADESA Corporation and that the same is his free act and deed individually as such officer, and the free act and deed of ADESA Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Denise L. McAtee

Notary Public

[Notary Seal]

DENISE L. MC ATEE
NOTARY PUBLIC STATE OF INDIANA
MARION COUNTY
MY COMMISSION EXP APR. 9, 2001

State of Indiana

APPENDIX I
TO
PARTICIPATION AGREEMENT,
LEASE AGREEMENT AND REIMBURSEMENT AGREEMENT

DEFINITIONS AND INTERPRETATION

[See separate text]

APPENDIX II

SCHEDULE 1

DESCRIPTION OF CHARLOTTE PROPERTY

I. Legal Description of Charlotte Parcel: See Attached

II. Improvements:

Any and all buildings, structures, replacements, furnishings, fixtures, fittings and other improvements and property of every kind and character now or hereafter located or erected on the Land, together with all buildings or construction materials, equipment, appliances, machinery, plant equipment, fittings, apparatus, fixtures and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Land, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (but in all the above cases excluding trade fixtures and any personal property owned by the Lessee).

EXHIBIT A

BEGINNING at a point in the center line of Westinghouse Boulevard, said point being located N. 88-48-30 W. 565.00 feet from the center line of a culvert over Steele Creek, and runs thence with the center line of a 60.00 foot road S. 4-53-10 E. 2340.80 feet to a point in the center line of said road; thence S. 85-06-50 W. passing an iron at 30.00 feet a total distance of 1024.21 feet to an iron in the center line of Southern Railroad Lead Tract; thence with the center line of said lead track N. 4-53-10 W. 2449.85 feet to a point in the center line of Westinghouse Boulevard; thence with the center line of Westinghouse Boulevard S. 88-48-30 E. 1030.00 feet to the point of BEGINNING, and containing 56.320 acres, more or less.

APPENDIX II

SCHEDULE 2

DESCRIPTION OF FRAMINGHAM PROPERTY

I. Legal Description of Framingham Parcel: See Attached

II. Improvements:

Any and all buildings, structures, replacements, furnishings, fixtures, fittings and other improvements and property of every kind and character now or hereafter located or erected on the Land, together with all buildings or construction materials, equipment, appliances, machinery, plant equipment, fittings, apparatus, fixtures and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Land, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (but in all the above cases excluding trade fixtures and any personal property owned by the Lessee).

EXHIBIT A

PARCEL I

Lot 1

A certain parcel of registered and unregistered land located on Western Avenue and Loring Drive in the Towns of Framingham and Sherborn, County of Middlesex, Commonwealth of Massachusetts and shown on a plan entitled "Plan of Land in Framingham and Sherborn, MA." Prepared for General Motors Corporation by Schofield Brothers of New England, Inc.; dated August 31, 1994; Scale 1" = 150'; Revised September 7, 1994 and September 16, 1994. Said parcel of land being bounded and described as follows:

Beginning at a point at the Southeast corner of the parcel at the Northeast corner of Lot 3 as shown on above referenced plan on Western Avenue in Sherborn; thence

- N 75 degs. 57' 59" W a distance of 64.34 feet to a point; thence
- N 66 degs. 50' 13" W a distance of 770.87 feet to a point; thence
- N 06 degs. 04' 17" E a distance of 105.00 feet to a point; thence
- N 15 degs. 47' 59" W a distance of 140.00 feet to a point; thence
- N 33 degs. 10' 01" E a distance of 250.00 feet crossing the town line into Framingham to a point; thence
- N 70 degs. 50' 52" W a distance of 179.19 feet to a point; thence
- N 64 degs. 27' 04" W a distance of 135.00 feet to a point; thence
- N 25 degs. 32' 56" E a distance of 135.00 feet to a point; thence
- N 03 degs. 54' 40" W a distance of 95.56 feet to a point; thence
- N 25 degs. 14' 29" E a distance of 220.00 feet to a point; thence
- N 64 degs. 42' 49" W a distance of 567.50 feet to a point of curvature which point is non-tangent; thence
- Southwesterly by a curve to the left having a radius of 480.00 feet, an arc length of 592.88 feet, a central angle of 70 degs. 46' 11", a chord bearing of S 53 degs. 56' 44" W and a chord distance of 555.90 feet to a point; thence
- S 21 degs. 38' 31" W a distance of 330.53 feet to a disk in a concrete bound at land of The Boston & Albany Railroad; the last thirteen courses by other land of General Motors and shown as Lots 2 and 3 on the above referenced plan; thence
- N 77 degs. 34' 01" W a distance of 100.00 feet to a steel survey marker; thence

EXHIBIT A

N 12 degs. 25'	59"	E	a distance of 934.31 feet to a steel survey marker at land of Consolidated Rail Corporation; the last two courses by land of The Boston & Albany Railroad; thence
Northeasterly			by a non-tangent curve to the right having a radius of 237.61 feet, an arc length of 68.81 feet, a central angle of 16 degs. 35' 36", a chord bearing of N 49 degs. 26' 09" E and a chord distance of 68.57 feet to a point; thence
N 57 degs. 43'	57"	E	a distance of 615.03 feet to a point of curvature; thence
Northerly			by a curve to the left having a radius of 255.28 feet, an arc length of 190.62 feet and a central angle of 42 degs. 47' 00" to a point; thence
N 14 degs. 56'	57"	E	a distance of 443.20 feet to a point of curvature; thence
Northerly			by a curve to the right having a radius of 810.54 feet, an arc length of 98.99 feet and a central angle of 06 degs. 59' 50" to a point; thence
N 59 degs. 37'	16"	W	a distance of 518.97 feet to a steel survey marker; thence
N 12 degs. 25'	59"	E	a distance of 455.62 feet to a steel survey marker; thence
S 55 degs. 28'	07"	E	a distance of 244.27 feet to a drill hole in a concrete bound; thence
S 56 degs. 20'	12"	E	a distance of 420.86 feet to a non-tangent point of curvature; thence
Northeasterly			by a curve to the right having a radius of 505.42 feet, an arc length of 55.35 feet, a central angle of 06 degs. 16' 30", a chord bearing of N 48 degs. 17' 36" E and a chord length of 55.32 feet to a point; thence
N 51 degs. 33'	34"	E	a distance of 75.31 feet to a point of curvature; thence
Northeasterly			by a curve to the left having a radius of 392.32 feet, an arc length of 10.15 feet, and a central angle of 01 degs. 28' 58" to a point at land of the Commonwealth of Massachusetts, the last twelve courses by land of Consolidated Rail Corporation; thence
S 81 degs. 52'	57"	E	a distance of 119.82 feet to a point; thence
N 53 degs. 37'	03"	E	a distance of 62.50 feet to a point; thence
N 22 degs. 52'	57"	W	a distance of 45.00 feet to a point; thence

EXHIBIT A

N	82 degs. 52'	56"	W	a distance of 85.31 feet to a non-tangent point of curvature at land of Consolidated Rail Corporation. The last four courses by land of Commonwealth of Massachusetts; thence
Northeasterly				by a curve to the left having a radius of 392.32 feet, an arc length of 87.08 feet, a central angle of 12 degs. 43' 03", a chord bearing of N 29 degs. 13' 03" E and a chord length of 86.90 feet to a point; thence
N	22 degs. 51'	31"	E	a distance of 598.48 feet to a point at land of Multi Realty Trust, the last two courses by land of Consolidated Rail Corporation; thence
S	48 degs. 25'	08"	E	a distance of 116.42 feet to a disk in a concrete bound; thence
S	02 degs. 50'	05"	W	a distance of 160.04 to a disk in a concrete bound; thence
S	24 degs. 25'	25"	E	a distance of 148.27 feet to a disk in a concrete bound at land of Anchor Motor Freight, Inc., the last three courses by land of the Trustees of Multi Realty Trust; thence
S	25 degs. 48'	37"	E	a distance of 242.98 feet to a point; thence
N	49 degs. 57'	18"	E	a distance of 35.35 feet to a point; thence
S	40 degs. 03'	30"	E	a distance of 100.00 feet to a point at the sideline of Aaron Street, the last three courses by land of Anchor Motor Freight, Inc.; thence
S	49 degs. 56'	30"	W	a distance of 59.17 feet to a railroad spike; thence
S	25 degs. 54'	29"	E	a distance of 37.32 feet to a point at land of Anchor Motor Freight, Inc., the last two courses by Aaron Street; thence
S	25 degs. 28'	39"	W	a distance of 215.86 feet to a point; thence
S	64 degs. 32'	44"	E	a distance of 479.26 feet to a ship spike; thence
S	25 degs. 27'	16"	W	a distance of 319.33 feet to a ship spike; thence
S	70 degs. 24'	29"	E	a distance of 470.55 feet to a ship spike; thence
N	24 degs. 56'	54"	E	a distance of 356.15 feet to a steel survey marker at the sideline of Loring Drive, the last five courses by land of Anchor Motor Freight, Inc.; thence
S	11 degs. 05'	46"	E	a distance of 279.27 feet to a stone bound at a point of curvature; thence

EXHIBIT A

Southwesterly by a curve to the right having a radius of 970.00 feet, an arc length of 59.82 feet and a central angle of 03 degs. 32' 00" to a point of compound curvature; thence

Southwesterly by a curve to the right having a radius of 43.05 feet, an arc length of 88.15 feet, and a central angle of 117 degs. 19' 30" to a point; thence

S 19 degs. 45' 44" W a distance of 75.01 feet to a point of curvature; thence

Southeasterly by a curve to the right having a radius of 126.92 feet, an arc length of 171.97 feet and a central angle of 77 degs. 38' 04" to a point of compound curvature; thence

Southerly by a curve to the right having a radius of 970.00 feet, an arc length of 306.55 feet and a central angle of 18 degs. 06' 26" to a disk in a concrete bound; thence

S 25 degs. 30' 14" W a distance of 1187.14 feet to a point of curvature; thence

Southwesterly by a curve to the left having a radius of 1811.76 feet, an arc length of 145.55 feet and a central angle of 04 degs. 36' 10" to a point on the townline of Framingham and Sherborn, the last eight courses by the sideline of Loring Drive and Western Avenue in Framingham; thence

S 86 degs. 00' 26" E a distance of 21.15 feet along the town line to a point of curvature; thence;

Southwesterly by a curve to the left having a radius of 1791.76 feet, an arc length of 96.15 feet and a central angle of 03 degs. 04' 28" to a point thence

S 18 degs. 02' 44" W a distance of 628.21 feet to the point of beginning, the last three courses by the sideline of Western Avenue.

The above described parcel of land contains an area of 120.371 acres more or less, according to said plan. There is included within the land described above as Lot 1, the parcel of registered land shown as Lot 5 on Land Court Plan No. 30261C described in Certificate of Title No. 187792.

EXHIBIT A

PARCEL II

A certain parcel of land situated in the Town of Framingham in the County of Middlesex and the Commonwealth of Massachusetts bounded and described as follows:

Beginning at a point at the northeasterly corner of the premises on the westerly sideline of Loring Drive at the southeast corner of Parcel 7A; thence

Southerly and curving to the left along the arc of a curve having a radius of one thousand thirty feet (1030.00') a length of one hundred ninety-three and twenty-one hundredths feet (193.21) to a point; thence

S 11 degs. 03' 30" E a distance of two hundred seventy-seven and ninety-three hundredths feet (277.93) to a point at land now or formerly of General Motors Corp. The previous two courses bounded by the westerly sideline of Loring Drive; thence

S 24 degs. 56' 54" W a distance of three hundred fifty-six and forty-seven hundredths feet (356.47) to a point; thence

N 70 degs. 24' 29" W a distance of four hundred seventy and fifty-five hundredths feet (470.55) to a point; thence

N 25 degs. 27' 16" E a distance of three hundred nineteen and thirty -three hundredths feet (319.33) to a point at lot 8; thence

N 64 degs. 32' 44" W a distance of one hundred twenty-three feet (123.00) to a point at lot 7. The previous six courses bounded now or formerly by General Motors Corp.; thence

N 23 degs. 39' 23" E a distance of two hundred twenty five feet (225.00) to a point; thence

N 80 degs. 45' 16" E a distance of three hundred twenty-seven and twenty-six hundredths feet (327.26) to a point at lot 7A. The previous two courses bounded in part by lot 7 and parcel 7A; thence

N 69 degs. 40' 10" E a distance of eight-seven and twenty hundredths feet (87.20) to the point of beginning. The previous course bounded by parcel 7A.

The above described parcel of land is shown as Parcel 8A on a plan entitled "Plan of Land in Framingham, Mass.", Petitioner: Anchor Motor Freight, Inc., Scale 1" = 60', dated December 21, 1994, by Schofield Brothers of New England, Inc., Professional Engineers and Professional Land Surveyors, which plan is recorded herewith. Parcel 8A contains three hundred twenty thousand six hundred six square feet of land, more or less (320,606 + or -), according to said plan.

EXHIBIT A

PARCEL II (con't)

REGISTERED LAND

There is included within Parcel 8A the registered land shown as Lot 8 on a plan entitled "Land Court Plan of Land in Framingham, Mass." Petitioner: Anchor Motor Freight, Inc., Scale 1" = 60', dated December 21, 1994, by Schofield Brothers of New England, Inc., Professional Engineers and Professional Land Surveyors, which plan has been filed with the Land Court (Plan 30261D). Lot 8 contains 1 acre and 30,554 square feet of land more or less, according to said plan. (Plan recorded with said Deeds in Book 25214, Page 317).

Together with the non-exclusive appurtenant driveway easement as set forth in the grant of Easement from General Motors Corporation to Asset Holdings III, L.P. dated as of December 21, 1994 and recorded with said Deeds in Book 25074, Page 317.

Together with easements and reservation as set forth in a deed from Asset Holdings III, L.P. to Sherborn Fire and Rescue Association, Inc. dated April 16, 1997 and recorded with said Deeds in Book 29745, Page 374.

Excepting and excluding from the foregoing, the parcel conveyed by Asset Holdings III, L.P. to Sherborn Fire and Rescue Association, Inc. by deed dated April 16, 1997 and recorded with said Deeds in Book 29745, Page 374.

APPENDIX II

Schedule 3

DESCRIPTION OF KNOXVILLE PROPERTY

I. Legal Description of Knoxville Parcel: See Attached

II. Improvements:

Any and all buildings, structures, replacements, furnishings, fixtures, fittings and other improvements and property of every kind and character now or hereafter located or erected on the Land, together with all buildings or construction materials, equipment, appliances, machinery, plant equipment, fittings, apparatus, fixtures and other articles of any kind or nature whatsoever now or hereafter found on, affixed to or attached to the Land, including (without limitation) all motors, boilers, engines and devices for the operation of pumps, and all heating, electrical, lighting, power, plumbing, air conditioning, refrigeration and ventilation equipment (but in all the above cases excluding trade fixtures and any personal property owned by the Lessee).

EXHIBIT A

PROPERTY DESCRIPTION

The land referred to in the Commitment is described as follows:

Tract I

Situated in District Five (5) of Loudon County, Tennessee and a tract of land located on the South side of Interstate 75 and the East side of Old Highway 95, and being known and designated as all of Tract I of the Boundary Survey for A.D.E. of Knoxville, Inc. as shown by map of record in Map Cabinet D, Slide 5 in the Register's Office Loudon County, Tennessee and being more particularly described as follows:

COMMENCING at the intersection of the eastern right-of-way of Old Highway 95 and the southern right-of-way of Interstate 75; thence with the southern right-of-way of Interstate 75, North 45 degs. 52 mins. 59 sec. East, 1756.30 feet to a point corner to Tract II, A.D.E. of Knoxville, Incorporated, said point being the point of BEGINNING; thence with Tract II, A.D.E. of Knoxville, Incorporated, South 44 degs. 07 mins, 01 secs. East, 1428.06 feet to a point in the line of Eldridge; thence with Eldridge the following bearings and distances: South 51 degs. 55 mins. 49 secs. West, 301.48 feet to an existing iron pin; South 51 degs. 40 mins. 10 secs. west, 198.82 feet to a new iron pin with cap; South 53 degs. 03 mins. 35 secs. West, 138.46 feet to a new iron pin with cap; South 52 degs. 26 mins. 31 secs. West, 658.42 feet to an existing iron pin; South 52 degs. 48 mins. 04 secs. West, 444.63 feet to an existing iron pin; South 49 degs. 46 mins. 10 secs. West, 282.32 feet to an existing iron pin; North 09 degs. 01 mins. 07 secs. West, 25.55 feet to a new iron pin with cap; South 85 degs. 34 mins. 26 secs. West, 118.00 feet to a new iron cap; thence continuing with Eldridge and with a curve to the left having a radius of 30.00 feet, and bearing a chord of South 35 degs. 21 mins. 14 secs. West, 46.17 feet to a new iron pin with cap at the eastern right-of-way of Northview Drive; thence with the eastern right-of-way of Northview Drive, North 14 degs. 44 mins. 51 secs. West, 114.87 feet to a new iron pin with cap corner to Shelton; thence with Shelton the following bearings and distances: North 85 degs. 34 mins 26 secs. East, 161.89 feet to an existing axle corner; North 11 degs. 13 mins. 07 secs. West, 144.49 feet to an existing iron pin; North 11 degs. 19 mins. 04 secs. West, 106.69 feet to an existing iron pin; North 12 degs. 56 mins. 54 secs. West, 259.80 feet to an existing iron pin; North 15 degs. 43 mins. 03 secs. West, 103.02 feet to an existing iron pin; South 86 degs. 37 mins. 50 secs. West, 469.78 feet to a new iron pin with cap at the eastern right-of-way of Old Highway 95; thence with the eastern right-of-way of Old Highway 95, North 05 degs. 57 mins. 00 secs. West, 138.96 feet to a new iron pin with cap corner to Isbell; thence with Isbell the following bearings and distances: North 82 degs. 22 mins. 11 secs. East 165.75 feet to a new iron pin with cap; North 82 degs. 54 mins. 57 secs. East, 172.18 feet to a new iron pin with cap; North 03 degs. 05 mins. 50 secs. West, 85.36 feet to an existing angle iron; North 60 degs. 16 mins. 55 secs. West, 46.92 feet to an existing iron pin corner to Murray; thence with Murray, North 11 degs. 03 mins. 17 secs. East, 255.33 feet to a new iron pin with cap; thence continuing with Murray, North 13 degs. 17 mins. 15 secs. West, 155.67 feet to an existing 6 inch square concrete monument at the southern right-of-way line of Interstate 75; thence with the southern right of way of Interstate 75, North 45 degs. 52 mins. 59 secs. East, 1300.00 feet to the point of BEGINNING.

TRACT II

A sanitary sewer easement for the purpose of constructing and maintaining a sewer line (the "Sewer

Line") over and through the remaining property of Grantor, which is located on the East side of Trace I described above, and which easement is more particularly described as follows:

BEING situated in District Five (5) Loudon County, Tennessee and being a certain strip of lane, fifteen (15) feet in width, seven and one half (7.5) feet each side of the centerline of the Sewer Line as installed.

THE property being referred to below as the "Easement Property."

However, the conveyance of this sanitary sewer easement is subject to the following conditions and limitations:

1. This conveyance is not intended to convey an exclusive right to Grantee to use the Easement Property or the Sewer Line; Grantor reserves the right to use the Easement property and the Sewer Line for itself, its successors and assigns, provided that its use of the Sewer Line and Easement Property do not interfere with Grantees right to use the same.

2. Grantor, its successors and assigns, shall have the right to build over Easement Property at their sole risk, provided, however, if it becomes necessary for Grantee to enter such improvements in order to repair or maintain the Sewer Line, Grantee may do so without incurring any liability to Grantor, their successors or assigns, for damages to such improvements caused by the performance of said repair or maintenance work, all of which damages are hereby expressly waived, except as provided in paragraph 3 below.

3. All dirt, paving and curbing or broken in the construction, repair or maintenance of the Sewer Line shall be replaced and levelled in as reasonably good condition as before such construction, repair or maintenance by Grantee. Grantee also agrees to protect all existing utilities lying with in the above described easement.

The above descriptions are from previous deed of record and map of record in Map Cabinet D, Slide 5 in the Register's Office Loudon County, Tennessee, no boundary survey having been made at the time of this conveyance.

Being the same property conveyed to Grantors by deed of record in Deed Book 216, Page 729 in the Register's Office Loudon County, Tennessee.

This conveyance is made subject to applicable restrictions, building setback line, existing easements and to all conditions as shown on the recorded map.

APPENDIX III
SCHEDULE OF BASIC RENT

(i) The installment of Facility Rent due on each Rent Payment Date shall equal the Contribution Return accrued with respect to the Contribution at the Contribution Return Rate, calculated, in the case of the first Rent Payment Date, from and including the Closing Date to and including the first Rent Payment Date, and in the case of all subsequent Rent Payment Dates, from and including the immediately preceding Interest Payment Date to and including the Rent Payment Date in question.

(ii) On the Lease Termination Date, the installment of Basic Rent due shall be in the amount set forth opposite clause (a) or (b), below, as applicable:

- (a) If (i) the Lessee shall have exercised the Remarketing Option, (ii) all the Remarketing Conditions shall have been satisfied in full, AND (iii) the Lessee's rights under Section 15.6 of the Lease shall have not been terminated pursuant to

Section 15.6 of the Lease.....the Recourse Deficiency Amount

- (b) In all other circumstances.....the Lease Balance

(iii) If the installment of Basic Rent set forth in paragraph (ii) above shall not be paid when due, the amounts due and unpaid shall bear interest at the Overdue Rate until paid in full.

REIMBURSEMENT AGREEMENT

Dated as of March 31, 2000

Between

SUNTRUST BANK, as Credit Bank,

and

ASSET HOLDINGS III, L.P., as Lessor

Lease Financing Program
For ADESA Corporation and Subsidiaries
Auto Auction Facilities

TABLE OF CONTENTS

	Page

ARTICLE I DEFINITIONS; INTERPRETATION.....	2
ARTICLE II AMOUNT AND TERMS OF LETTER OF CREDIT.....	2
Section 2.01. The Letter of Credit.....	2
Section 2.02. Fees.....	2
Section 2.03. Reimbursement and Other Payments.....	3
Section 2.04. Payment on Non-Business Days.....	8
Section 2.05. Operative Documents.....	8
Section 2.06. Pledge of Remarketing Notes.....	8
ARTICLE III RECEIPT, DISTRIBUTION AND APPLICATION OF CERTAIN PAYMENTS IN RESPECT OF LEASE AND LEASED PROPERTY.....	10
Section 3.01. Distribution and Application of Rent Payments.....	10
Section 3.02. Distribution and Application of Certain Payments.....	10
Section 3.03. Distribution and Application of Lessee's Payment of Recourse Deficiency Amount Upon Exercise of Remarketing Option....	11
Section 3.04. Distribution and Application of Remarketing Proceeds of Leased Property.....	11
Section 3.05. Distribution and Application of Payments Received When an Event of Default Exists or Has Ceased to Exist Following Rejection of the Lease.....	12
Section 3.06. Distribution of Other Payments.....	13
Section 3.07. Reimbursement Account.....	13
ARTICLE IV THE LESSOR; EXERCISE OF REMEDIES UNDER LEASE.....	13
Section 4.01. Covenants of Lessor.....	13
Section 4.02. Lessor Obligations Nonrecourse; Payment from Certain Lease Obligations and Certain Proceeds of Leased Property Only.....	14
Section 4.03. Exercise of Remedies Under Lease.....	15
ARTICLE V CREDIT EVENTS OF DEFAULT; REMEDIES.....	15
Section 5.01. Credit Events of Default.....	15
Section 5.02. Credit Event of Default; Remedies.....	17
ARTICLE VI MISCELLANEOUS.....	18
Section 6.01. Amendments and Waivers.....	18
Section 6.02. Notices.....	18
Section 6.03. No Waiver; Cumulative Remedies.....	18
Section 6.04. Successors and Assigns.....	18
Section 6.05. Counterparts.....	18
Section 6.06. Governing Law.....	19
Section 6.07. Survival and Termination of Agreement.....	19

Section 6.08. Entire Agreement.....	19
Section 6.09. Severability.....	19
Section 6.10. No Recourse; Liability of Lessor Limited.....	19
Section 6.11. Limitation on Interest.....	20
Section 6.12. Submission to Jurisdiction; Waivers.....	20
Section 6.13. [Reserved].....	21
Section 6.14. Payments and Computations.....	21
Section 6.15. Setoff.....	22
Section 6.16. Further Assurances.....	22
Section 6.17. Headings.....	22
Section 6.18. No Third Party Beneficiaries.....	22

REIMBURSEMENT AGREEMENT

This REIMBURSEMENT AGREEMENT (the "Reimbursement Agreement") is made and entered into as of March __, 2000, by and between SUNTRUST BANK, a banking corporation organized and existing under the laws of the State of Georgia (the "CREDIT BANK") and ASSET HOLDINGS III L.P., an Ohio limited partnership (the "LESSOR").

RECITALS

A. In accordance with the terms and provisions of the Participation Agreement, the Lease, this Reimbursement Agreement, the Borrower Promissory Note and the other Operative Documents, (i) the Lessor has agreed to acquire the Leased Property, and lease the Leased Property to the Lessee pursuant to the Lease, and (ii) the Lessee has agreed pursuant to the Lease to rent and hire the Leased Property from the Lessor.

B. The Lessor has requested that CORNERSTONE FUNDING CORPORATION, a Delaware corporation (the "ISSUER") make a loan to the Lessor in the original principal amount of \$28,373,000 (the "LOAN") in order to finance a portion of the Property Costs to be incurred by the Lessor in connection with its acquisition of the Leased Property and arranging for the transaction contemplated by the Operative Documents.

C. The Issuer has in the Participation Agreement agreed to issue and sell \$28,373,000 in aggregate principal amount of its Floating Rate Notes, Series 2000A, and lend the proceeds thereof to the Lessor, to be evidenced by the Borrower Promissory Note, on the condition, among others, that the Credit Bank issue to the Note Trustee its irrevocable, transferable direct-pay letter of credit in the form and amount required by the provisions of the Note Indenture and securing the payment of Debt Service and Tender Amount of such Notes.

D. Pursuant to this Reimbursement Agreement, the Credit Bank has agreed to issue the Letter of Credit to the Note Trustee to provide for the payment of required Debt Service and Tender Amount under, and remarketing of, the Notes, and the Lessor has agreed to pay all fees required for the issuance and maintenance of the Letter of Credit and to reimburse the Credit Bank for all Drawings made under the Letter of Credit and all Letter of Credit Liabilities, and to secure its obligations hereunder by granting the Mortgages and the Assignment of Lease and Rents.

NOW, THEREFORE, in consideration of the premises, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS; INTERPRETATION

Unless the context shall otherwise require, capitalized terms used and not defined herein shall have the meanings assigned thereto in APPENDIX I hereto for all purposes hereof and the rules of interpretation set forth in APPENDIX I hereto shall apply to this Reimbursement Agreement.

ARTICLE II
AMOUNT AND TERMS OF LETTER OF CREDIT

Section 2.01. THE LETTER OF CREDIT.

(a) ISSUANCE. The Credit Bank has agreed, upon the terms and conditions set forth herein, to issue and deliver the Letter of Credit in the Stated Amount to the Note Trustee as security for the payment of the Notes and for the benefit of the Holders of the Notes under the Note Indenture.

(b) TRANSFER. The Letter of Credit may be transferred to a successor or substitute Note Trustee in accordance with the provisions set forth in the Letter of Credit.

(c) STATED AMOUNT. The Stated Amount shall be reduced and reinstated in accordance with the provisions of the Letter of Credit.

(d) EXPIRATION. The Letter of Credit provides that it shall expire on the date which is the later to occur of (i) April 15, 2005, or (ii) any later day determined pursuant to paragraph (e) below, but in no event later than April 15, 2020, PROVIDED, HOWEVER, that if such date is not a Business Day, the Letter of Credit shall expire on the first Business Day thereafter, unless sooner terminated in accordance with the terms and conditions contained in the Letter of Credit.

(e) EXTENSION OF EXPIRATION DATE. On any Business Day prior to March 1, 2005, the Credit Bank, in its sole discretion, may elect to extend the expiration date of the Letter of Credit. If the expiration date is so extended, then on any Business Day which is at least 45 days prior to the then current expiration date, the Credit Bank, in its sole discretion, may elect to further extend the then current expiration date. The Credit Bank may decide in its sole discretion whether or not to extend the expiration date of the Letter of Credit.

Section 2.02. FEES.

(a) DRAWING FEES. The Lessor shall pay a fee of \$150.00 to the Credit Bank for each draw upon the Letter of Credit. In addition, if a substitute Note Trustee is appointed at any time and the Letter of Credit is transferred to such substitute Note Trustee, the Lessor shall pay to the Credit Bank its customary Letter of Credit transfer fee.

(b) FRONTING FEE. The Lessor shall also pay to the Credit Bank on the Closing Date, a one-time fronting fee equal to \$0.125% of the Stated Amount on the Closing Date.

(c) ANNUAL FEES. The Lessor hereby agrees to pay to the Credit Bank a non-refundable letter of credit fee (the "ANNUAL FEE") for the period from and including the Closing Date until the Expiration Date, computed at the rate of 0.75 % per annum, calculated as a percentage of the Stated Amount on the date of payment of such letter of credit fee. Amounts payable under this Section 2.02(c) shall be payable in advance, based on a 360-day year, actual number of days elapsed, in immediately available funds, on the Closing Date and quarterly thereafter on the first day of each January, April, July and October.

(d) CHANGE IN LAW. The Lessor hereby acknowledges and agrees that if any change in any law or regulation or in the interpretation thereof by any court or administrative or governmental authority charged with the administration thereof, or in GAAP, shall either (i) impose, modify or deem applicable any reserve, special deposit or similar requirement against letters of credit issued by, or assets held by, or deposits in or for the account of, the Credit Bank, or (ii) impose on the Credit Bank any other condition relating, directly or indirectly, to the Letter of Credit, and the result of any event referred to in the preceding clause (i) or (ii) shall be to increase the cost to the Credit Bank of issuing or maintaining the Letter of Credit (which increase in cost shall be determined by the Credit Bank's reasonable allocation of the aggregate of such cost increase resulting from such event), then the Credit Bank shall present to the Lessor a certificate stating the amount of the Credit Bank's increased costs reasonably allocable to the Letter of Credit, and the Lessor shall immediately pay to the Credit Bank, from time to time as specified by the Credit Bank in such certificate, such additional amounts as shall be sufficient to compensate for such increased cost. A copy of such certificate shall be presented to the Lessor by the Credit Bank, and any such additional amount to be paid to the Credit Bank shall be immediately due and payable to the Credit Bank by the Lessor. The certificate referred to hereinabove shall be conclusive as to the amount thereof.

(e) OTHER FEES, COSTS AND EXPENSES. The Lessor shall also pay all reasonable fees, costs and expenses incurred by the Credit Bank, the Issuer or the Lessor in connection with this Reimbursement Agreement, including, without limitation, all reasonable fees and expenses of their respective legal counsel incurred in connection herewith from time to time.

(f) LETTER OF CREDIT FEES. All payments of all fees and expenses described in this SECTION 2.02 and in SECTION 2.03(k) below (the "LETTER OF CREDIT FEES"), to be made by the Lessor to the Credit Bank shall be made in immediately available funds. With respect to the payment of the Annual Fee, the Credit Bank shall notify the Lessor of the amount of such payment not less than 10 days prior to the date upon which such payment is due.

Section 2.03. REIMBURSEMENT AND OTHER PAYMENTS.

(a) PRINCIPAL, INTEREST OR PROGRAM EXPENSE DRAWING. In the event of any Principal Drawing, Interest Drawing or Program Expense Drawing, the Lessor shall immediately pay to the Credit Bank the amount paid by the Credit Bank to duly honor such Drawing, and failure to so immediately reimburse the Credit Bank shall constitute a Credit Event of Default under this Agreement. Without limitation of the preceding sentence, if such amount has not been previously

paid and is outstanding, such amount shall constitute a loan to and indebtedness of the Lessor to the Credit Bank. If the Lessor does not reimburse the Credit Bank for such drawing on the same day of the Drawing or if the Lessor shall otherwise fail to reimburse the Credit Bank under this SECTION 2.03(a) as a result of a Principal Drawing as honored, an Interest Drawing as honored, or a Program Expense Drawing as honored, such unreimbursed amount shall bear interest until payment in full of such amount, and the Lessor shall be obligated to pay interest to the Credit Bank, payable on demand, or, if demand is not made, monthly in arrears on the last day of each month following such Principal Drawing, Interest Drawing or Program Expense Drawing, on any and all such amounts remaining unpaid at the Overdue Rate. Accrual of such interest and the acceptance of payment of such interest by the Credit Bank thereof on any one or more occasions shall not constitute a waiver of any Credit Event of Default occurring upon the failure of the Lessor to immediately reimburse the Credit Bank for the amount of the Drawing(s) with respect to which such interest shall have accrued.

(b) REMARKETING DRAWING. In the event of any Remarketing Drawing, the amount of such Remarketing Drawing as honored shall constitute a loan to and indebtedness of the Lessor to the Credit Bank upon the following terms:

(i) The amount of any Remarketing Drawing as honored relating to interest under the Notes shall be immediately due and payable by the Lessor to the Credit Bank and if such amount is not immediately paid to the Credit Bank, such amount shall bear interest at the Applicable Rate from and after the date such amount becomes payable hereunder. Such interest shall be payable upon demand of the Credit Bank, or, if demand is not made, monthly in arrears on the last day of each month.

(ii) The amount of any Remarketing Drawing representing the principal amount of any Notes not remarketed (a "REMARKETING LOAN") shall be repaid as provided below. At any time that any Remarketing Loan is outstanding on any Interest Payment Date, the Credit Bank shall apply any payment of principal received under the Borrower Promissory Note in an amount equal to the principal amount of Pledged Notes to be redeemed on such date as a repayment of the Remarketing Loan. Any payments on or of the purchase price for the Pledged Notes shall be applied as a payment of the outstanding amount of the Remarketing Loan.

(iii) The amount of any Remarketing Loan, for the period from and including the date of the Remarketing Drawing to but excluding the date the amount of such Remarketing Loan shall be reimbursed in full, shall be treated as a LIBOR Rate Loan, for each Interest Period relating thereto, bearing interest at the Applicable LIBOR Rate, PROVIDED, HOWEVER, if any of the circumstances described in SECTIONS 2.03 (f)(i) or (iii) shall have occurred and remain applicable on the date of such Remarketing Drawing, the amount of the Remarketing Loan shall be treated as a Base Rate Loan bearing interest at the Base Rate. All such interest shall be payable to the Credit Bank monthly on each Interest Payment Date following the Remarketing Drawing.

(c) CONTINUATION OF INTEREST PERIODS. Five Business Days prior to the beginning of each Interest Period, the Lessee, acting for such purpose as agent of the Lessor, may request that the

Credit Bank determine the Adjusted LIBOR Rate applicable to such Interest Period and the Credit Bank shall notify the Lessee of such Adjusted LIBOR Rate. Each LIBOR Rate Loan shall automatically be continued for another Interest Period of the same duration, unless the Lessee shall elect to convert all or any part thereof to a Base Rate Loan by written notice to the Credit Bank given on any day which is at least three Business Days before the beginning of the next succeeding Interest Period. Except to the extent that the Base Rate applies as a result of any circumstance described in SECTION 2.03(f) hereof, the Lessee may elect to convert any Base Rate Loan to a LIBOR Rate Loan, (i) if a LIBOR Rate Loan shall be outstanding at the time of such election, effective on the first day of the next succeeding Interest Period, or (ii) if no LIBOR Rate Loan shall be outstanding at the time of such election, effective on any date at least three but not more than five Business Days after such election. The Lessee may elect at the end of any Interest Period with respect thereto to convert a LIBOR Rate Loan into a Base Rate Loan. Notwithstanding the foregoing, there shall be only one Interest Period applicable at any time for all Remarketing Loans outstanding hereunder as LIBOR Rate Loans, except that any LIBOR Rate Loan arising from a Remarketing Drawing which occurs during an existing Interest Period shall have a separate "short" initial Interest Period from and including the date of the Remarketing Drawing until the last day of the then existing Interest Period. Each such election made by the Lessee under this SECTION 2.03(c) shall be made by giving the Credit Bank at least three Business Days' prior irrevocable written notice thereof, which notice shall specify (1) in the case of a conversion, the date of conversion (which date shall in any event be the first day of an Interest Period), and (2) in the case of a conversion or continuation affecting less than 100% of the amount of outstanding Remarketing Loans, the amounts thereof which are to be LIBOR Rate Loans and Base Rate Loans, respectively. If, at any time prior to the date a conversion to, or continuation of, a LIBOR Rate Loan is effective, the Lessee has received notice that any of the circumstances described in SECTIONS 2.03(f)(i) or (iii) exist, the right of the Lessee to convert all or a portion of Base Rate Loans to LIBOR Rate Loans or to continue LIBOR Rate Loans for an additional Interest Period shall be suspended until the Lessee receives notice that the circumstances causing such suspension no longer exist.

(d) INTEREST PERIOD DETERMINATION. The duration of each Interest Period shall be one month, except that any LIBOR Rate Loan arising from a Remarketing Drawing which occurs during an existing Interest Period shall have a separate "short" initial Interest Period from and including the date of the Remarketing Drawing until the last day of the then existing Interest Period. Notwithstanding the foregoing provisions of this SECTION 2.03:

(i) No Interest Period may end after the Scheduled Termination Date, whether by acceleration, mandatory redemption or scheduled maturity; and

(ii) Whenever the last day of any Interest Period would otherwise occur on a day other than a Business Day, the last day of such Interest Period shall be extended to occur on the next succeeding Business Day, PROVIDED, HOWEVER, that if such extension would cause the last day of such Interest Period to occur in the next following calendar month, the last day of such Interest Period shall occur on the next preceding Business Day.

(e) APPOINTMENT OF AGENTS FOR INTEREST RATE ELECTIONS. The Lessee may, from time to time, and at any time upon notice to the Credit Bank, appoint one or more agents for the limited purpose of making interest rate elections under this SECTION 2.03. The acts of such agent(s) shall be

binding upon the Lessee unless and until such time as the Lessee shall notify the Credit Bank that any such agent no longer has the authority to act on behalf of the Lessee. Unless and until the Lessee notifies the Credit Bank otherwise, each of William T. Stackhouse and Karen C. Turner, acting alone, is hereby authorized by the Lessee to act as the Lessee's agent in accordance with this SECTION 2.03.

(f) INTEREST RATE PROTECTION.

(i) SUSPENSION OF LIBOR RATE LOANS. If, with respect to any Interest Period, the Credit Bank notifies the Lessee that the Applicable LIBOR Rate for such Interest Period will not adequately reflect the cost to the Credit Bank of maintaining any Remarketing Loans subject to such Interest Period, the obligation of the Credit Bank to continue to treat such Remarketing Loans as LIBOR Rate Loans for an additional Interest Period shall be suspended until the Credit Bank shall notify the Lessee that the circumstances causing such suspension no longer exist, and during the period of suspension such amounts shall be treated as Base Rate Loans and shall bear interest at the Base Rate as in effect from time to time, payable monthly in arrears on each Interest Payment Date during the period of suspension.

(ii) INCREASED COSTS. Subject to the provisions of SECTION 6.11 hereof, if, due to either (A) the introduction of or any change (including any change by way of imposition or increase of reserve requirements) in or in the interpretation of any law or regulation or (B) the compliance with any guideline or request from any central bank or other Governmental Authority (whether or not having the force of law), there shall be any increase in the cost to the Credit Bank of agreeing to make or making, funding or maintaining any Remarketing Loan at the Applicable LIBOR Rate for any Interest Period, then the Lessor shall from time to time, upon demand by the Credit Bank, pay to the Credit Bank additional amounts sufficient to compensate the Credit Bank for such increased cost. A certificate in reasonable detail as to the amount of such increased cost, submitted to the Lessor, with a copy to the Lessee, by the Credit Bank, shall be conclusive and binding for all purposes, absent manifest error.

(iii) ILLEGALITY. Notwithstanding any other provision of this Reimbursement Agreement, if the Credit Bank shall notify the Lessee that the introduction of or any change in or in the interpretation of any law or regulation makes it unlawful, or any central bank or other governmental authority asserts that it is unlawful, for the Credit Bank to perform its obligations hereunder to make any Remarketing Loan at the Applicable LIBOR Rate for any Interest Period or to fund or maintain any Remarketing Loans at the Applicable LIBOR Rate for any Interest Period, (A) the obligation of the Credit Bank to continue the Remarketing Loans for an additional Interest Period shall be suspended until the Credit Bank shall notify the Lessee that the circumstances causing such suspension no longer exist and (B) during the period of suspension, the Remarketing Loans then outstanding shall be automatically converted to bear interest at a rate per annum equal to the Base Rate then and thereafter in effect from time to time, payable in arrears on the last day of each month during which the Base Rate applies.

(g) INTEREST ON OVERDUE AMOUNTS. If all or a portion of the principal amount of or interest on any Remarketing Loan shall not be paid when due (whether at the stated maturity, by acceleration or otherwise), such overdue amount shall, without limiting the rights of the Credit Bank under ARTICLE V, bear interest at the Overdue Rate, but not exceeding the highest rate permitted by Applicable Law, in each case from the date of nonpayment until paid in full (as well after as before judgment).

(h) DISCRETION OF CREDIT BANK AS TO MANNER OF FUNDING. Notwithstanding any provision of this Reimbursement Agreement to the contrary, the Credit Bank shall be entitled to fund and maintain its funding of all or any part of a Remarketing Loan in any manner it sees fit, subject in all respects to Applicable Law, it being understood however, that for the purposes of this Reimbursement Agreement all determinations hereunder shall be made as if the Credit Bank had actually funded and maintained each Remarketing Loan to which the Applicable LIBOR Rate applies during each Interest Period applicable thereto through the purchase of deposits having a maturity corresponding to such Interest Period and bearing an interest rate equal to the Applicable LIBOR Rate for such Interest Period.

(i) MONTHLY PAYMENTS. As provided in the Lease, the Lessee is required to make monthly payments of Credit Rent on each Rent Payment Date to the Credit Bank. All payments of Credit Rent received by the Credit Bank shall be applied by it to reimburse the amount of Drawings under the Letter of Credit and to the payment of other amounts payable by the Lessor to the Credit Bank under this Reimbursement Agreement. All of such payments are required to be made by the Lessee not later than the Rent Payment Date next preceding any Interest Payment Date. On the Business Day prior to any date on which principal, interest or Program Expenses payments are due with respect to the Notes, the Note Trustee is obligated to submit a Drawing on the Letter of Credit for the amount due. Thereafter, the Note Indenture requires the Note Trustee to immediately reimburse the Credit Bank for such Drawings from moneys available therefor in the Note Fund, including, without limitation, the Remarketing Proceeds Account of the Note Fund. If on any Rent Payment Date the Note Trustee has insufficient funds available in the Note Fund to fully reimburse the Credit Bank for the amount of such Principal, Interest and Program Expense Drawings corresponding to such payment, the difference between the amount available to be so paid to the Credit Bank from the Note Fund and the payment due shall be immediately due and payable by the Lessor to the Credit Bank. If the Lessor fails to make such payment when due (a "PAYMENT DEFICIENCY"), or, if and to the extent such payment is to be applied to the reimbursement of an Interest Drawing or a Program Expense Drawing, within five Business Days thereafter, the same shall constitute a Credit Event of Default under this Reimbursement Agreement and, without limitation of the foregoing, such amount shall bear interest at the Overdue Rate from and after the date such amount becomes due and payable hereunder. Such interest shall be payable upon demand of the Credit Bank, or, if demand is not made, monthly in arrears on the last day of each month. The collection of interest by the Credit Bank on any one or more occasions shall not constitute a waiver of the Credit Event of Default arising upon failure by the Lessor to make payment to the Credit Bank when due of the amounts with respect to which such interest accrues.

(j) INTEREST RATE CHANGES. Any change in the Overdue Rate or the Base Rate resulting from a change in the Base Rate shall be effective on the effective date of the change in the Base

Rate. The Overdue Rate shall be computed on the basis of the actual number of days elapsed over a year of 360 days.

(k) FEES AND EXPENSES. The Lessor hereby agrees to pay to the Credit Bank upon demand therefor sums equal to any and all amounts paid by the Credit Bank for reasonable charges and expenses (including reasonable attorneys' fees) attributable to the Lessor which the Credit Bank may pay or incur relative to the transfer, drawing upon, change in terms, maintenance, renewal, extension or cancellation of the Letter of Credit or to any payment by the Credit Bank thereunder. The Lessor hereby agrees to pay to the Credit Bank on demand sums equal to any and all amounts which the Credit Bank has paid or incurred (including reasonable attorneys' fees) relative to the Credit Bank's curing of any Event of Default resulting from the acts or omissions of the Lessor under this Agreement or under the Operative Documents.

(l) FINAL PAYMENT. Subject to the provisions of SECTION 6.10, the Lessor hereby absolutely, unconditionally and irrevocably agrees to pay all amounts due to the Credit Bank pursuant to the provisions of this Reimbursement Agreement, the Borrower Promissory Note and the Operative Documents, including without limitation, amounts payable pursuant to SECTIONS 2.02 and 2.03 hereof, on the Expiration Date, or at such earlier time as may be provided for herein.

(m) DISCHARGE OF OBLIGATIONS UPON PAYMENT UNDER THE BORROWER PROMISSORY NOTE. Payments made under the Borrower Promissory Note received by the Credit Bank shall discharge the Lessor's obligations under this Reimbursement Agreement to the extent of such payments.

Section 2.04. PAYMENT ON NON-BUSINESS DAYS. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, such payment may be made on the preceding Business Day, but in no event shall be made later than the next succeeding Business Day with interest (if such payment accrues interest) continuing to accrue thereon until such payment is made.

Section 2.05. OPERATIVE DOCUMENTS. As security for all of the Lessor's obligations to the Credit Bank under this Agreement, and any and all other obligations, agreements, or indebtedness between the Lessor and the Credit Bank, the Lessor shall execute and deliver and cause the Guarantor to execute and deliver on the date hereof the Operative Documents required to be executed and delivered as one of the conditions precedent to the obligation of the Credit Bank to issue the Letter of Credit.

Section 2.06. PLEDGE OF REMARKETING NOTES.

(a) As security for the payment and performance of all obligations of the Lessor to the Credit Bank hereunder and under the Borrower Promissory Note and the Security Documents, the Lessor hereby agrees that upon the making of a Remarketing Drawing with respect to the Notes, the Note Trustee shall cause to be registered with the Depository in the name of the Credit Bank, as its designee, as requested by the Credit Bank, and transferred to a separate Depository account of the Note Trustee, as custodian, the Notes free and clear of all other liens and encumbrances in an aggregate principal amount equal to the amount of such Remarketing Drawing with respect to the Notes, less (i) any portion of such Remarketing Drawing representing interest on the Notes so

transferred, and (ii) the amount the Credit Bank is reimbursed by 2:00 p.m. Columbus, Ohio time on the date of such Remarketing Drawing (the "Pledged Notes"), and the Lessor hereby grants, and consents to the grant of, a security interest in the Pledged Notes and in the proceeds thereof to the Credit Bank. Pledged Notes registered with the Depository in the name of the Credit Bank shall be for the benefit of the Lessor as pledgor and the Credit Bank as pledgee. If a Depository is not used, the Lessor agrees that the Remarketing Agent shall deliver such Pledged Notes to the Note Trustee and the Note Trustee shall register such Pledged Notes in the name of the Credit Bank for the benefit of the Lessor, as pledgor and in the name of the Credit Bank as pledgee with Credit Bank's endorsement of the Pledged Notes to the order of the Credit Bank, and deliver such Pledged Notes to the Credit Bank or its designated custodian.

(b) The Lessor further agrees to the Note Trustee entering into its registration books as the address to which payments of interest with respect to Pledged Notes are to be sent, the Credit Bank's address for notices pursuant to Section 7.04 hereof as in effect from time to time.

(c) If the Lessor shall become entitled to receive or shall receive any Pledged Notes, any payment of interest with respect to the Pledged Notes from the Note Trustee, or any and all other proceeds thereof, it shall accept any such items as the Credit Bank's agent, shall hold them in trust for the Credit Bank, and shall deliver them forthwith to the Credit Bank in the exact form received, with the Lessor's endorsement to the order of the Credit Bank when necessary, to be held by the Credit Bank, subject to the terms hereof, as security for the payment and performance of all obligations of the Lessor hereunder, under the Borrower Promissory Note and under the Security Documents, except that the Credit Bank shall credit all payments and proceeds received by the Credit Bank directly against the Lessor's obligations under Sections 2.02 and 2.03 of this Agreement.

(d) All principal and interest paid on the Pledged Notes shall be retained by the Credit Bank (or if received by the Lessor shall be forthwith delivered by it to the Credit Bank in the original form received) and applied by the Credit Bank to the payment of amounts due the Credit Bank from the Lessor hereunder, under the Borrower Promissory Note and under the Security Documents.

(e) If the Lessor makes or causes to be made to the Credit Bank a prepayment or payment of a Remarketing Drawing pursuant to Section 2.03 hereof, or the Remarketing Agent resells Pledged Notes on behalf of the Lessor, the Credit Bank agrees to release from the lien of this Agreement and to instruct the Note Trustee by telephone (confirmed in writing) to cause the appropriate transfer of Pledged Notes on the books of the Depository (or, if a Depository is not used, to deliver to the Lessor or the Remarketing Agent, as the case may be, Pledged Notes endorsed in blank without recourse) in an aggregate principal amount equal to the amount of such prepayment or payment with respect to principal so made, or the principal amount of the Pledged Notes so resold to the extent that the proceeds of such resale are delivered to the Credit Bank. Any such payment or prepayment of the Remarketing Drawing shall constitute a payment or prepayment of the Borrower Promissory Note for all purposes hereof and of the Borrower Promissory Note.

(f) In addition to the rights and remedies granted to the Credit Bank in this Agreement, the Credit Bank shall have all of the rights and remedies of a secured party under the applicable

Uniform Commercial Code and such other rights and remedies as are granted to a secured party in similar situations to the extent of the security interest granted under paragraph (a) above. In addition, if Pledged Notes are issued in "book entry form", the Credit Bank shall be a "Registered Pledgee" as defined by, and having the rights designated by Article 8 and Article 9 of New York and, if applicable, Ohio Uniform Commercial Code.

(g) The Lessor shall be liable for the deficiency if the proceeds of any sale or other disposition of the Pledged Notes by the Credit Bank are insufficient to pay all amounts to which the Credit Bank is entitled, including principal and interest as provided herein, and the reasonable fees and expenses of any outside attorneys employed by the Credit Bank to collect such deficiency.

ARTICLE III
RECEIPT, DISTRIBUTION AND APPLICATION OF CERTAIN PAYMENTS IN RESPECT
OF LEASE AND LEASED PROPERTY

Section 3.01. DISTRIBUTION AND APPLICATION OF RENT PAYMENTS.

(a) BASIC RENT. Each payment of Basic Rent (and any payment of interest on overdue installments of Basic Rent) received by the Credit Bank shall be applied by the Credit Bank, or caused to be applied, in the following order of priority:

FIRST, to the Credit Bank for unreimbursed Interest Drawings and Program Expense Drawings on the Letter of Credit and for unpaid Letter of Credit Fees;

SECOND, to the Credit Bank for unreimbursed Principal Drawings on the Letter of Credit;

THIRD, to the Note Trustee for any amounts then due and unpaid under the Borrower Promissory Note; and

FOURTH, to the order of the Lessor, in an amount equal to the sum of all accrued and unpaid Contribution Return then due.

(b) SUPPLEMENTAL RENT. Each payment of Supplemental Rent received by the Credit Bank shall be paid to or upon the order of the Person owed the same.

Section 3.02. DISTRIBUTION AND APPLICATION OF CERTAIN PAYMENTS. Upon the Credit Bank's receipt of the net proceeds for a consummated sale of any Property, or all of the Leased Property, in connection with the exercise of the Purchase Option by the Lessee under SECTION 15.1 of the Lease or the Purchase Obligation under SECTION 15.2 of the Lease, or its receipt of insurance proceeds or other payments in respect of an Event of Loss or Event of Taking in respect of all the Leased Property, the Credit Bank shall apply or cause the same to be applied in the following order of priority:

FIRST, to the Credit Bank for unreimbursed Interest Drawings and Program Expense Drawings on the Letter of Credit and unpaid Letter of Credit Fees;

SECOND, to the Credit Bank for unreimbursed Principal Drawings under the Letter of Credit;

THIRD, to the Note Trustee for any amounts then due and unpaid under the Borrower Promissory Note;

FOURTH, to the Lessor in an amount up to the sum of (i) all accrued and unpaid Contribution Return as of the date of payment, plus (ii) the outstanding balance of the Contribution, plus (iii) the unpaid portion of the Lease Balance; and

FIFTH, to the Person entitled thereto, any unpaid Supplemental Rent.

Any remaining amount shall, so long as there shall exist no outstanding Event of Default, be paid to Lessee.

Section 3.03. DISTRIBUTION AND APPLICATION OF LESSEE'S PAYMENT OF RECOURSE DEFICIENCY AMOUNT UPON EXERCISE OF REMARKETING OPTION. The payment by the Lessee of the Recourse Deficiency Amount to the Credit Bank on the Scheduled Termination Date, in accordance with SECTION 15.6 or 15.7 of the Lease upon the Lessee's exercise of the Remarketing Option, shall be applied by the Credit Bank as follows:

FIRST, to the Credit Bank for unreimbursed Interest Drawings and Program Expense Drawings on the Letter of Credit and unpaid Letter of Credit Fees;

SECOND, to the Credit Bank for unreimbursed Principal Drawings under the Letter of Credit;

THIRD, to the Note Trustee for any amounts then due and unpaid under the Borrower Promissory Note;

FOURTH, to the Lessor in an amount up to the sum of (i) all accrued and unpaid Contribution Return as of the date of payment, plus (ii) the outstanding balance of the Contribution, plus (iii) the unpaid portion, if any, of the Lease Balance; and

FIFTH, to the Persons entitled thereto, any unpaid Supplemental Rent.

Section 3.04. DISTRIBUTION AND APPLICATION OF REMARKETING PROCEEDS OF LEASED PROPERTY. Any payments received by the Credit Bank as proceeds from the sale of the Leased Property sold pursuant to the Lessee's exercise of the Remarketing Option pursuant to SECTION 15.6 or 15.7 of the Lease, shall be distributed by the Credit Bank as promptly as possible (it being understood that any such payment received by the Lessor shall be immediately distributed to the Credit Bank) in the following order of priority:

FIRST, to the Credit Bank for unreimbursed Interest Drawings and Program Expense Drawings on the Letter of Credit and unpaid Letter of Credit Fees;

SECOND, to the Credit Bank for unreimbursed Principal Drawings under the Letter of Credit;

THIRD, to the Note Trustee for any amounts then due and unpaid under the Borrower Promissory Note;

FOURTH, to the Lessor in an amount up to the sum of (i) all accrued and unpaid Contribution Return as of the date of payment, plus (ii) the outstanding balance of the Contribution, plus (iii) the unpaid portion, if any, of the Lease Balance;

FIFTH, to the Persons entitled thereto, any unpaid Supplemental Rent; and

SIXTH, (i) if sold by the Lessee pursuant to SECTION 15.6 of the Lease, the remaining balance of such proceeds of sale, if any, shall be paid to the Lessee, and (ii) otherwise, to the Lessor.

Section 3.05. DISTRIBUTION AND APPLICATION OF PAYMENTS RECEIVED WHEN AN EVENT OF DEFAULT EXISTS OR HAS CEASED TO EXIST FOLLOWING REJECTION OF THE LEASE. Any payments received by the Lessor or the Credit Bank when an Event of Default exists (or has ceased to exist by reason of a rejection of the Lease in a proceeding with respect to the Lessee described in ARTICLE XIII(g) of the Lease), as either or both:

(i) proceeds from the sale of any or all of the Leased Property sold pursuant to the exercise of the Lessor's remedies pursuant to ARTICLE XIV of the Lease; or

(ii) proceeds of any amounts from any insurer or any Governmental Authority in connection with an Event of Loss or Event of Taking;

shall, if received by Lessor, be paid to the Credit Bank as promptly as possible, and shall, if and when received by the Credit Bank, be distributed or applied by the Credit Bank in the following order of priority:

FIRST, to the Credit Bank for any amounts expended by it in connection with the Leased Property or the Operative Documents and not previously reimbursed to it;

SECOND, to the Credit Bank for unreimbursed Interest Drawings and Program Expense Drawings on the Letter of Credit and unpaid Letter of Credit Fees;

THIRD, to the Credit Bank for unreimbursed Principal Drawings under the Letter of Credit;

FOURTH, to the Lessor in an amount up to the sum of (i) all accrued and unpaid Contribution Return as of the date of payment, plus (ii) the outstanding principal balance of the Contribution;

FIFTH, to the Note Trustee for any amounts then due and unpaid under the Borrower Promissory Note;

SIXTH, to the Lessor, any unpaid Supplemental Rent or unpaid portion of the Lease Balance; and

SEVENTH, on and after the payment in full of all Letter of Credit Liabilities, all amounts due and payable under the Borrower Promissory Note not paid by Drawings under the Letter of Credit, and any remaining amounts of the Lease Balance, such amounts shall be paid over to the Lessor and shall be distributed by the Lessor first, to the Lessor for application to any unpaid amounts owing to the Lessor under the Operative Documents, and second, to the Person or Persons legally entitled thereto, the excess, if any.

Section 3.06. DISTRIBUTION OF OTHER PAYMENTS. All payments under SECTION 7.6 of the Participation Agreement shall be made first, to the Credit Bank until all unreimbursed Drawings, Letter of Credit Liabilities and Letter of Credit Fees have been paid in full, and second, to Lessor who shall be entitled to retain all such remaining amounts. Except as otherwise provided in this ARTICLE III, any payment received by the Lessor which is to be paid to the Credit Bank pursuant hereto or for which provision as to the application thereof is made in an Operative Document but not elsewhere in this Section shall, if received by Lessor, be received by it in trust and paid forthwith to the Credit Bank and when received shall be distributed forthwith by the Credit Bank to the Person and for the purpose for which such payment was made in accordance with the terms of such Operative Document.

Section 3.07. REIMBURSEMENT ACCOUNT. If on any date the Credit Bank shall receive any payments of Basic Rent, or any Qualified Payment, the Credit Bank shall deposit the amount received (a) if no Event of Default shall have occurred and remain outstanding, in the Reimbursement Account or (b) if an Event of Default shall have occurred and remain outstanding, in accordance with SECTION 3.05 hereof. The Credit Bank hereby establishes a separate, blocked trust account for the benefit of the Lessor and as security for the payment of Letter of Credit Liabilities (the "REIMBURSEMENT ACCOUNT"). Pending application as herein provided, such funds shall be invested in Permitted Investments as directed by the Lessee. Interest earned on the moneys held in the Reimbursement Account shall be for the account of the Lessee and shall be paid to and deposited by the Credit Bank in the Reimbursement Account. Funds held in the Reimbursement Account shall be withdrawn and applied by the Credit Bank on each Interest Payment Date to the reimbursement of unreimbursed Drawings and the payment of Letter of Credit Fees.

ARTICLE IV THE LESSOR; EXERCISE OF REMEDIES UNDER LEASE

Section 4.01. COVENANTS OF LESSOR. So long as either or both of the Borrower Promissory Note and/or any Letter of Credit Liabilities remain outstanding and unpaid, or any other amount is owing to Credit Bank hereunder or under the other Operative Documents, the Lessor shall promptly pay all amounts payable by it under this Reimbursement Agreement and the Borrower Promissory

Note in accordance with the terms hereof and thereof and shall duly perform each of its obligations under this Reimbursement Agreement, the Borrower Promissory Note and the Operative Documents. The Lessor agrees to provide to the Credit Bank a copy of each estoppel certificate that the Lessor proposes to deliver pursuant to SECTION 18.13 of the Lease at least five (5) days prior to such delivery and to make any corrections thereto reasonably requested by the Credit Bank prior to such delivery. The Lessor shall keep the Leased Property free and clear of all Lessor Liens. The Lessor shall not reject any sale of the Leased Property pursuant to SECTION 15.6 of the Lease unless (a) an Event of Default shall have occurred and remain outstanding, (b) the Lease Balance exceeds the sum of the net proceeds of such sale plus the Recourse Deficiency Amount or (c) the Credit Bank consents to such rejection. In the event that the Credit Bank directs the Lessor to reject any sale of the Leased Property pursuant to SECTION 15.6(xi) of the Lease, or the Credit Bank, acting through the power granted in the Assignment of Lease and Rents, rejects such sale in the name of the Lessor, the Lessor agrees to take such action as Credit Bank reasonably requests to effect a sale or other disposition of the Leased Property. The Lessor shall reject any offer to purchase the Leased Property received pursuant to SECTION 15.6 of the Lease at the direction of the Credit Bank as provided in said Section.

Section 4.02. LESSOR OBLIGATIONS NONRECOURSE; PAYMENT FROM CERTAIN LEASE OBLIGATIONS AND CERTAIN PROCEEDS OF LEASED PROPERTY ONLY. All payments to be made by the Lessor in respect of the Letter of Credit Liabilities, the Borrower Promissory Note, the Note Indenture, the Security Documents, the Letter of Credit and this Reimbursement Agreement shall be made only from certain payments received under the Lease and proceeds of the Leased Property and only to the extent that the Lessor or the Credit Bank shall have received sufficient payments from such sources to make payments in respect of the Borrower Promissory Note, reimbursement of Drawings under the Letter of Credit and repayment of the Contribution, in accordance with ARTICLE III hereof. The Credit Bank agrees that it will look solely to such sources of payments to the extent available for distribution to the Credit Bank as herein provided and that none of the Lessor, or any of its partners, or Cornerstone Capital Corporation, or the Issuer, or any of their respective organizers, incorporators, stockholders, partners, members, directors, managers, employees, officers or agents, shall be personally liable to the Credit Bank for any amount payable hereunder or under the Borrower Promissory Note. Except to the extent of such revenues and rents payable pursuant to the Lease or such proceeds from the sale or other disposition of the Leased Property, nothing in this Reimbursement Agreement, the Borrower Promissory Note or any other Operative Document shall be construed as creating any liability (other than for willful misconduct) of the Lessor to pay any sum or to perform any covenant, either express or implied, in or pursuant to this Reimbursement Agreement, the Borrower Promissory Note or any other Operative Document (all such liability, if any, being expressly waived by the Credit Bank). The Credit Bank, on behalf of itself and its successors and assigns, agrees in the case of any liability of the Lessor hereunder or under any of the Operative Documents (except for such liability attributable to its willful misconduct) that it will look solely to those certain payments received under the Lease and those certain proceeds of the Leased Property; provided, however, that the Lessor (but not its partners, the Issuer or Cornerstone Capital Corporation, or any of their respective organizers, incorporators, stockholders, partners, members, managers, directors, employees, officers and agents) shall in any event be liable with respect to (i) the removal of Lessor's Liens or liabilities, (ii) the Lessor's willful misconduct or (iii) failure to turn over payments the Lessor has received in accordance with ARTICLE III; and provided,

further that the foregoing exculpation of the Lessor shall not be deemed to be an exculpation of the Lessee or any other Person.

Section 4.03. EXERCISE OF REMEDIES UNDER LEASE.

(a) EVENT OF DEFAULT. With respect to any Event of Default as to which notice thereof by the Lessor to the Lessee is a requirement to cause the underlying Default to become an Event of Default, the Lessor shall not at any time give such notice except upon receipt of instructions from the Credit Bank; PROVIDED, HOWEVER, that the Lessor agrees to give such notice to the Lessee promptly upon receipt of a written request by the Credit Bank, and irrevocably authorizes the Credit Bank to give any such notice on Lessor's behalf.

(b) ACCELERATION OF LEASE BALANCE. When an Event of Default has occurred and remains outstanding, the Lessor, upon the direction of the Credit Bank, shall exercise remedies under ARTICLE XIV of the Lease to demand payment in full of the Lease Balance by the Lessee (a "LEASE BALANCE ACCELERATION"). Following a Lease Balance Acceleration, the Lessor shall consult with the Credit Bank regarding actions to be taken in response to such Event of Default. The Lessor shall not, without the prior written consent of Credit Bank, and shall (subject to the provisions of this Section), if so directed by the Credit Bank, do any of the following: commence eviction or foreclosure proceedings, or file a lawsuit against the Lessee under the Lease, or sell the Leased Property, or exercise other remedies against the Lessee under the Operative Documents in respect of such Event of Default; PROVIDED, HOWEVER, that any payments received by the Lessor shall be immediately paid over to the Credit Bank and distributed in accordance with ARTICLE III. Notwithstanding any such consent, direction or approval by the Credit Bank of any such action or omission, the Lessor shall have no obligation to follow such direction if the same would, in the Lessor's reasonable judgment, require the Lessor to expend its own funds or expose the Lessor to liability, expense, loss or damages unless and until the Credit Bank advances to the Lessor an amount or offers the Lessor an indemnity in an amount, in either case, which is sufficient, in Lessor's reasonable judgment, to cover such liability, expense, loss or damage. Lessor agrees that an indemnity of the Credit Bank that is unlimited in amount shall be acceptable. Notwithstanding the foregoing, on and after the Release Date, the Credit Bank shall have no rights to the Leased Property or any proceeds thereof, the Credit Bank shall have no rights to direct or give consent to any actions with respect to the Leased Property and the proceeds thereof, the Lessor shall have absolute discretion as to the exercise of remedies with respect to the Leased Property, and the proceeds thereof, including, without limitation, any foreclosure or sale of the Leased Property, and the Lessor shall have no liability to the Credit Bank with respect to the Lessor's actions or failure to take any action with respect to the Leased Property.

ARTICLE V
CREDIT EVENTS OF DEFAULT; REMEDIES

Section 5.01. CREDIT EVENTS OF DEFAULT. Each of the following events shall constitute a Credit Event of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any Governmental Authority), and each such Credit Event of Default shall continue so long as, but only as long as, it shall not have been remedied:

(a) The Lessor shall fail to pay to the Credit Bank for distribution in accordance with the provisions of ARTICLE III any amount received by the Lessor pursuant to the Lease or the Participation Agreement, if and to the extent that the Credit Bank is entitled to such amount or a portion thereof, and such failure is not remedied for a period of four days following the giving of written notice of such failure to the Lessor, the Guarantor and the Lessee;

(b) There shall have occurred and be continuing an Event of Default under the Lease or under the Guaranty;

(c) The Lessor shall fail to pay to the Credit Bank any amount which the Lessee is required, pursuant to the Operative Documents, to pay to the Credit Bank but erroneously pays to the Lessor, and such failure is not remedied for a period of four days following the giving of written notice of such failure to the Lessor, the Guarantor and the Lessee;

(d) The default by Lessor in the making of (i) any payment in respect of the Borrower Promissory Note, the Letter of Credit Liabilities or this Reimbursement Agreement for a period of four days following the giving of written notice of such default to the Lessor, the Guarantor and the Lessee (other than a default in the payment of such amounts due on or after the Scheduled Termination Date), or (ii) any payment in respect of the Borrower Promissory Note, the Letter of Credit Liabilities or this Reimbursement Agreement due on or after the Scheduled Termination Date;

(e) The default in any material respect by the Lessor in the performance of any other covenant or condition herein, or by the Lessor or the Issuer, respectively, in any other Operative Document to which the Lessor or the Issuer, respectively, is a party, which failure shall continue unremedied for 30 days after receipt by the Lessor, the Guarantor and the Lessee (and by the Issuer in the case of such default by the Issuer) of written notice thereof from the Credit Bank;

(f) The Lessor or the Issuer shall (i) admit in writing its inability to pay its debts generally as they become due, (ii) file a petition under any Bankruptcy Laws, (iii) make a general assignment for the benefit of its creditors, (iv) consent to the appointment of a receiver of itself or the whole or any substantial part of its property, (v) fail to cause the discharge of any custodian, trustee or receiver appointed for the Lessor or the whole or a substantial part of its property within 60 days after such appointment, or (vi) file a petition or answer seeking or consenting to reorganization under any Bankruptcy Laws;

(g) Insolvency proceedings or a petition under any Bankruptcy Laws shall be filed against the Lessor or the Issuer and not dismissed within 60 days from the date of its filing, or a court of competent jurisdiction shall enter an order or decree appointing, without the consent of the Lessor or the Issuer, respectively, a receiver of the Lessor or the Issuer, respectively, or the whole or a substantial part of any of its respective property and such order or decree shall not be vacated or set aside within 60 days from the date of the entry thereof;

(h) Any representation or warranty of the Lessor or the Issuer contained in any Operative Document or in any certificate required to be delivered thereunder shall prove to have been incorrect in a material respect when made and shall not have been cured within 30 days of receipt by the Lessor, the Guarantor and the Lessee (and by the Issuer in the case of such default by the Issuer) of written notice thereof from the Credit Bank.

Section 5.02. CREDIT EVENT OF DEFAULT; REMEDIES.

(a) When a Credit Event of Default has occurred and is continuing, and shall not have been specifically waived pursuant to SECTION 6.01 hereof, the Credit Bank may do any one or more of the following:

(i) Direct the Trustee to accelerate the maturity of the Notes and to draw so much of the Letter of Credit as is available to be drawn upon for the payment of the aggregate principal balance of the Notes and all accrued interest thereon in full; and

(ii) Declare the principal of all amounts owing under the Borrower Promissory Note, the Letter of Credit Liabilities, and all other amounts owed under this Reimbursement Agreement and the Operative Documents (including any amounts drawn under the Letter of Credit as the result of a notice from the Credit Bank to the Trustee as provided in subparagraph (i) above) and all other indebtedness of the Lessor to the Credit Bank, together with interest thereon, to be forthwith due and payable, regardless of any other specified maturity or due date, without notice of default, presentment or demand for payment, protest or notice of nonpayment or dishonor, or other notices or demands of any kind or character, and without the necessity of prior recourse to any security; and

(iii) Exercise any or all of the rights and powers and pursue any and all of the remedies available to it hereunder, under the Borrower Promissory Note, the Mortgages, and the Assignment of Lease and Rents, and shall have and may exercise any and all rights and remedies available under the UCC or any other provision of law or in equity, subject, however, to the rights of the Lessee under the Non-Disturbance and Attornment Agreements.

(b) Notwithstanding the provisions of SECTION 4.03, when a Credit Event of Default has occurred and is continuing, the Credit Bank shall have the right and power to exercise all rights of the Lessor under the Lease pursuant to the terms and in the manner provided for in the Assignment of Lease and Rents and in the Mortgages.

(c) Except as expressly provided above, no remedy under this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy provided under this Section or under the other Operative Documents or otherwise available at law or in equity. The exercise by the Credit Bank of any one or more of such remedies shall not preclude the simultaneous or later exercise of any other remedy or remedies. No express or implied waiver by the Credit Bank of any Credit Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Credit Event of Default. The failure or delay of the Credit Bank in

exercising any rights granted it hereunder or under any of the other Operative Documents upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and any single or partial exercise of any particular right by the Credit Bank shall not exhaust the same or constitute a waiver of any other right provided herein or in any of the other Operative Documents.

ARTICLE VI
MISCELLANEOUS

Section 6.01. AMENDMENTS AND WAIVERS. Neither this Reimbursement Agreement, the Borrower Promissory Note nor any terms hereof or thereof may be amended, supplemented or modified except in accordance with the provisions of SECTION 8.4 of the Participation Agreement.

Section 6.02. NOTICES. Unless otherwise specified herein, all notices, requests, demands or other communications to or upon the respective parties hereto shall be given in accordance with SECTION 8.2 of the Participation Agreement. All notices, requests, demands or other communications required to be given to the Note Trustee hereunder shall be given in accordance with the Note Indenture.

Section 6.03. NO WAIVER; CUMULATIVE REMEDIES. No failure to exercise and no delay in exercising, on the part of the Credit Bank, any right, remedy, power or privilege hereunder, shall operate as a waiver thereof nor shall any single or partial exercise of any right, remedy, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, remedy, power or privilege. The rights, remedies, powers and privileges herein provided are cumulative and not exclusive of any rights, remedies, powers and privileges provided by law.

Section 6.04. SUCCESSORS AND ASSIGNS. This Reimbursement Agreement shall be binding upon and inure to the benefit of the Lessor, the Credit Bank and their respective successors and permitted assigns. The Credit Bank may assign to any financial institution all or any part of, or any interest (undivided or divided) in, its rights and benefits under this Reimbursement Agreement, and to the extent of that assignment such assignee shall have the same rights and benefits against the Lessor hereunder as it would have had if such assignee were the Credit Bank, PROVIDED, HOWEVER, that no such assignment by the Credit Bank shall affect or alter the Letter of Credit or the obligations of the Credit Bank thereunder, and PROVIDED FURTHER, that without the consent of the Lessee, the Credit Bank shall not assign more than 50% of its economic interest in and under the Letter of Credit, this Reimbursement Agreement and the other Operative Documents.

Section 6.05. COUNTERPARTS. This Reimbursement Agreement may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto or thereto be contained on any one counterpart hereof or thereof. Additionally, the parties hereto agree that for purposes of facilitating the execution of this Reimbursement Agreement, (a) the signature pages taken from separate individually executed counterparts of this Reimbursement Agreement may be combined to form multiple fully executed counterparts and (b) a facsimile transmission shall be deemed to be an original signature. All executed counterparts of this Reimbursement Agreement shall be deemed to be originals, but all

such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

Section 6.06. GOVERNING LAW. THIS REIMBURSEMENT AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS REIMBURSEMENT AGREEMENT SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF GEORGIA.

Section 6.07. SURVIVAL AND TERMINATION OF AGREEMENT. All covenants, agreements, representations and warranties made herein and in any certificate, document or statement delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Reimbursement Agreement and the Borrower Promissory Note and shall continue in full force and effect so long as the Borrower Promissory Note or any amount payable to Credit Bank under or in connection with this Reimbursement Agreement or the Borrower Promissory Note is unpaid.

Section 6.08. ENTIRE AGREEMENT. This Reimbursement Agreement and the other Operative Documents set forth the entire agreement of the parties hereto with respect to its subject matter, and supersede all previous understandings, written or oral, with respect thereto.

Section 6.09. SEVERABILITY. The parties hereto intend and believe that each provision in this Agreement comports with all applicable local, state and Federal laws and judicial decisions. However, if any provision or provisions, or if any portion of any provision or provisions, in this Agreement are found by a court of law to be in violation of any applicable local, state or Federal ordinance, statute, law, administrative or judicial decision, or public policy, and if such court should declare such portion, provision or provisions of this Agreement to be illegal, invalid, unlawful, void or unenforceable as written, then it is the intent of the parties hereto that such portion, provision or provisions shall be given force and effect to the fullest possible extent, that the remainder of this Agreement shall be construed as if such provision or provisions were not contained herein and that the rights, obligations and interests of the parties under the remainder of this Agreement shall continue in full force and effect.

Section 6.10. NO RECOURSE; LIABILITY OF LESSOR LIMITED.

(a) Except as provided in SECTION 4.02 hereof, no recourse shall be had for any claims under this Reimbursement Agreement against any organizer, incorporator, shareholder, partner, member, manager, officer, or director, past, present or future, of the Lessor or its Affiliates, or against Cornerstone Capital Corporation, either directly or through the Lessor or any of its partners, whether by virtue of any constitution, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability being, by acceptance hereof and as part of the consideration for the acceptance hereof, expressly waived and released.

(b) Except as otherwise expressly provided below in this Section, it is expressly understood and agreed by and between Credit Bank, Lessor and their respective successors and assigns that nothing herein contained shall be construed as creating any personal liability of Lessor or any of its Affiliates, or any of their respective organizers, incorporators, stockholders, partners, members, managers, officers, directors, employees or agents, individually or personally, to perform

any covenant, either express or implied, contained herein, all such personal liability, if any, being expressly waived by Credit Bank and by each and every Person now or hereafter claiming by, through or under Credit Bank, and that, so far as Lessor or any of its Affiliates, or any of their respective organizers, incorporators, stockholders, partners, members, managers, officers, directors, employees or agents, individually or personally, are concerned, Credit Bank and any Person claiming by, through or under Credit Bank shall look solely to, and the liability of Lessor hereunder shall be limited to, the right, title and interest of Lessor in the Lease and the Rent payable thereunder, the Leased Property, any proceeds from Lessor's sale or encumbrance thereof, and any Awards or Loss Proceeds (PROVIDED, HOWEVER, that Credit Bank shall not be entitled to any double recovery) for the performance of any obligation under this Agreement and under the Operative Documents and the satisfaction of any liability arising therefrom.

Section 6.11. LIMITATION ON INTEREST. Any provision to the contrary contained in this Reimbursement Agreement or in any of the other Operative Documents notwithstanding, it is expressly provided that in no case or event shall the aggregate of (i) all interest payable by the Lessee or the Lessor and (ii) the aggregate of any other amounts accrued or paid pursuant to this Reimbursement Agreement or any of the other Operative Documents, which under applicable laws are or may be deemed to constitute interest, ever exceed the maximum rate of interest which could lawfully be contracted for, charged or received. In this connection, it is expressly stipulated and agreed that it is the intent of the Lessee, the Lessor and the Credit Bank to contract in strict compliance with the applicable usury laws of the State and of the United States (whichever permit the higher rate of interest) from time to time in effect. In furtherance thereof, none of the terms of this Reimbursement Agreement or any of the other Operative Documents shall ever be construed to create a contract to pay, as consideration for the use, forbearance or detention of money, interest at a rate in excess of the maximum contract interest rate permitted to be contracted for, charged or received by the applicable laws of the United States or the State (whichever permit the higher rate of interest). The Lessee, the Lessor and any other parties now or hereafter becoming liable for payment of any indebtedness under this Reimbursement Agreement or any other Operative Documents shall never be liable for interest in excess of the maximum rate that may be lawfully contracted for or charged under the laws of the State and of the United States (whichever permit the higher rate of interest). If under any circumstances the aggregate amounts paid include amounts which by law are deemed interest which would exceed the maximum amount of interest which could lawfully have been contracted for, charged or received, the parties stipulate that such amounts will be deemed to have been paid as a result of an error on the part of the parties, and the party receiving such excess payment shall promptly, upon discovery of such error or upon notice thereof from the party making such payment, refund the amount of such excess or at the Credit Bank's option, credit such excess against any unpaid principal balance owing. To the maximum extent permitted by applicable law, all amounts contracted for, charged or received for the use, forbearance, or detention of money shall, to the extent permitted by applicable law, be amortized, prorated, allocated and spread throughout the full term of the Letter of Credit. The provisions of this Section shall control all of the Operative Documents.

Section 6.12. SUBMISSION TO JURISDICTION; WAIVERS. Subject to SECTION 6.13 hereof, each party hereto hereby irrevocably and unconditionally (i) submits for itself and its property in any legal action or proceeding relating to this Reimbursement Agreement or any other Operative Document, or for recognition and enforcement of any judgment in respect thereof, to the non-

exclusive general jurisdiction of the courts of the State of Georgia, the courts of the United States of America for the Northern District of Georgia and appellate courts from any thereof, (ii) consents that any such action or proceedings may be brought to such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth in SECTION 8.2 of the Participation Agreement or at such other address of which the other parties hereto shall have been notified pursuant to SECTION 8.2 of the Participation Agreement, and (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law. EACH PARTY, TO THE EXTENT PERMITTED BY LAW, HEREBY VOLUNTARILY, KNOWINGLY, IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT TO HAVE A JURY PARTICIPATE IN RESOLVING ANY DISPUTE, WHETHER SOUNDING IN CONTRACT, TORT, OR OTHERWISE, AMONG OR BETWEEN THE PARTIES HERETO ARISING OUT OF, IN CONNECTION WITH, RELATED TO, OR INCIDENTAL TO THE RELATIONSHIP ESTABLISHED AMONG THE PARTIES IN CONNECTION WITH THIS REIMBURSEMENT AGREEMENT, ANY OTHER OPERATIVE DOCUMENT OR ANY OTHER DOCUMENT EXECUTED OR DELIVERED IN CONNECTION HEREWITH OR THE TRANSACTIONS RELATED HERETO. THIS WAIVER SHALL NOT IN ANY WAY AFFECT, WAIVE, LIMIT, AMEND OR MODIFY THE CREDIT BANK'S ABILITY TO PURSUE ANY REMEDIES CONTAINED IN THIS REIMBURSEMENT AGREEMENT, OR THE OTHER OPERATIVE DOCUMENTS. THIS PROVISION IS A MATERIAL INDUCEMENT TO THE CREDIT BANK TO PROVIDE THE LOAN PURSUANT TO THIS REIMBURSEMENT AGREEMENT.

Section 6.13. [RESERVED]

Section 6.14. PAYMENTS AND COMPUTATIONS. The Lessor shall make each of its payments due under this Agreement not later than 12:30 p.m. (Atlanta, Georgia, time) on the date when due in lawful money of the United States of America to the Credit Bank at its address referred to in Section 6.02 hereof in immediately available funds. The Lessor hereby authorizes the Credit Bank, if and to the extent payment is not made when due hereunder, to charge from time to time against the Lessor's account with the Credit Bank any amount so due. Except as otherwise specifically provided in this Agreement, computations of interest and fees hereunder shall be made by the Credit Bank on the basis of a year of 360 days and the actual number of days (including the first day but excluding the last day) elapsed. Where the character or amount of any asset, liability or item of income or expense is required to be determined, or any consolidation or other accounting computation is required to be made, for the purpose of this Reimbursement Agreement, such determination or calculation shall, to the extent applicable and except as otherwise specified herein, be made in accordance with GAAP.

Section 6.15. SETOFF.

(a) In addition to any rights and remedies of the Credit Bank provided by law, the Credit Bank shall have the right, without prior notice to the Lessor, any such notice being expressly waived by the Lessor to the extent permitted by applicable law, on the occurrence of any Credit Event of Default, to set off and apply against any indebtedness, whether matured or unmatured, of the Lessor to the Credit Bank, any amount owing from the Credit Bank to the Lessor (whether matured or unmatured), at or at any time after the happening of any such Credit Event of Default, and such right of setoff may be exercised by the Credit Bank against the Lessor or against a debtor-in-possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor of the Lessor, or against anyone else claiming through or against the Lessor or such debtor-in-possession, assignee for the benefit of creditors, receiver or execution, judgment or attachment creditor, notwithstanding the fact that such right of set off shall not have been exercised by the Credit Bank before the occurrence of any such Credit Event of Default. The Credit Bank agrees promptly to notify the Lessor after any such setoff and application made by the Credit Bank, PROVIDED THAT failure to give such notice shall not affect the validity of such setoff and application.

(b) Notwithstanding the provisions of paragraph (a) of this SECTION 6.15, the Credit Bank hereby agrees to waive the exercise of such right of set off and application with respect to the Lessor's obligations existing under this Agreement at any time after commencement of a case in bankruptcy or reorganization naming the Lessor as debtor.

Section 6.16. FURTHER ASSURANCES. The Lessor agrees to do such further acts and things and to execute and deliver to the Credit Bank such additional assignments, agreements, powers and instruments, as the Credit Bank may reasonably require or deem advisable to carry into effect the purposes of this Agreement or to better assure and confirm unto the Credit Bank its rights, powers and remedies hereunder.

Section 6.17. HEADINGS. Section headings and captions in this Agreement are included herein for convenience of reference only and shall not constitute a part of this Agreement for any other purpose and are not to be considered as defining or limiting in any way the scope or intent of the provisions of this Agreement.

Section 6.18. NO THIRD PARTY BENEFICIARIES. The provisions of this Agreement shall inure to the benefit and responsibility of the parties hereto, their successors and assigns (but only to the extent such assignment is permitted herein) and shall not benefit or affect any third party.

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IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and delivered by their respective representatives thereunto duly authorized as of the date first above written.

CREDIT BANK:

LESSOR:

SUNTRUST BANK

ASSET HOLDINGS III L.P.

By: C A Black

Realty Facility Holdings I L.L.C.,
An Ohio limited liability company,
By: its general partner

Its: VP & Director

Its: Robert F. Gage

Robert F. Gage, President

APPENDIX I TO
PARTICIPATION AGREEMENT, LEASE AGREEMENT AND
REIMBURSEMENT AGREEMENT

DEFINITIONS AND INTERPRETATION

A. INTERPRETATION. In each Operative Document, unless a clear contrary intention appears, (i) the singular number includes the plural number and vice versa, (ii) reference to any Person includes such Person's successors and assigns but, if applicable, only if such successors and assigns are permitted by the Operative Documents, and reference to a Person in a particular capacity excludes such Person in any other capacity or individually, (iii) reference to any gender includes each other gender, (iv) reference to any agreement (including any Operative Document), document or instrument means such agreement, document or instrument as amended or modified and in effect from time to time in accordance with the terms thereof and, if applicable, the terms of the other Operative Documents and reference to any promissory note includes any promissory note which is an extension or renewal thereof or a substitute or replacement therefor, (v) reference to any Applicable Law means such Applicable Law as amended, modified, codified, replaced or reenacted, in whole or in part, and in effect from time to time, including rules and regulations promulgated thereunder and reference to any section or other provision of any Applicable Law means that provision of such Applicable Law from time to time in effect and constituting the substantive amendment, modification, codification, replacement or reenactment of such section or other provision, (vi) reference in any Operative Document to any Article, Section, Appendix, Schedule or Exhibit means such Article or Section thereof or Appendix, Schedule or Exhibit thereto, (vii) "hereunder", "hereof", "hereto" and words of similar import shall be deemed references to an Operative Document as a whole and not to any particular Article, Section or other provision hereof, (viii) "including" (and with correlative meaning "include") means including without limiting the generality of any description preceding such term, (ix) "or" is not exclusive and (x) relative to the determination of any period of time, "from" means "from and including", "to" means "to but not including" and "through" means "to and including".

B. ACCOUNTING TERMS. In each Operative Document, unless expressly otherwise provided, accounting terms shall be construed and interpreted, and accounting determinations and computations shall be made, in accordance with GAAP.

C. CONFLICT IN OPERATIVE DOCUMENTS. If there is any conflict between any Operative Documents, such Operative Document shall be interpreted and construed, if possible, so as to avoid or minimize such conflict but, to the extent (and only to the extent) of such conflict, the Participation Agreement shall prevail and control.

D. DEFINED TERMS. Unless a clear contrary intention appears, terms defined herein have the respective indicated meanings when used in each Operative Document.

"ACCELERATION" means (i) the automatic acceleration of Lessee's obligation to purchase Lessor's interest in the Leased Property pursuant to the provisions of SECTION 15.3 of the Lease,

or (ii) the acceleration of Lessee's responsibilities to purchase the Lessor's interest in the Leased Property pursuant to the provisions of SECTION 14.1 and SECTION 15.2 of the Lease.

"ADDITIONAL COSTS" means Illegality Costs or Increased Costs.

"ADDRESS" means, with respect to any Person, such Person's address set forth in SECTION 8.2 of the Participation Agreement or such other address as such Person shall have identified to the parties to the Participation Agreement in writing.

"ADJUSTED LIBOR RATE" means the rate per annum equal to the quotient obtained by dividing the LIBOR Rate by the percentage obtained by subtracting from 100% the applicable LIBOR Reserve Percentage on the date of calculation.

"AFFILIATE" means, with respect to any Person, any other Person directly or indirectly controlling, controlled by or under common control with such Person. For purposes of this definition, the term "CONTROL" (including the correlative meanings of the terms "CONTROLLING," "CONTROLLED BY" and "UNDER COMMON CONTROL WITH"), as used with respect to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management policies of such Person, whether through the ownership of voting securities or by contract or otherwise; provided, however, (but without limiting the foregoing) that no pledge of voting securities of any Person without the current right to exercise voting rights with respect thereto shall by itself be deemed to constitute control over such Person.

"AFTER-TAX BASIS" means (i) with respect to any payment to be received by an Indemnitee (which, for purposes of this definition, shall include any Tax Indemnitee), the amount of such payment supplemented by a further payment or payments so that, after deducting from such payments the amount of all Taxes (net of any current credits, deductions or other Tax benefits arising from the payment by the Indemnitee of any amount, including Taxes, for which the payment to be received is made) actually imposed currently on the Indemnitee by any Governmental Authority or taxing authority with respect to such payments, the balance of such payments shall be equal to the original payment to be received and (ii) with respect to any payment to be made by any Indemnitee, the amount of such payment supplemented by a further payment or payments so that, after increasing such payment by the amount of any current credits or other Tax benefits realized by the Indemnitee under the laws of any Governmental Authority or taxing authority resulting from the making of such payments, the sum of such payments (net of such credits or benefits) shall be equal to the original payment to be made; provided, however, for the purposes of this definition, and for purposes of any payment to be made to either the Lessee or a Tax Indemnitee on an after-tax basis, it shall be assumed that federal, state and local taxes are payable at the highest combined marginal federal and state statutory income tax rate (taking into account the deductibility of state income taxes for federal income tax purposes) applicable to corporations from time to time and that such Indemnitee or the Lessee has sufficient income to utilize any deductions, credits (other than foreign tax credits, the use of which shall be determined on an actual basis) and other Tax benefits arising from any payments described in clause (ii) of this definition.

"ALTERATIONS" means the construction or installation of non-trade fixtures, alterations, improvements, modifications and additions to any Property including without limitation, any repair or restoration pursuant to ARTICLE XI of the Lease or otherwise.

"ALTERNATE LETTER OF CREDIT" means an Alternate Letter of Credit as defined in the Note Indenture.

"ANNUAL FEE" has the meaning set forth in SECTION 2.02 of the Reimbursement Agreement.

"APPLICABLE LAW" means all existing and future applicable laws, rules, regulations (including Environmental Laws) statutes, treaties, codes, ordinances, permits, certificates, orders and licenses of and interpretations by any Governmental Authorities, and applicable judgments, decrees, injunctions, writs, orders or like action of any court, arbitrator or other administrative, judicial or quasi-judicial tribunal or agency of competent jurisdiction (including those pertaining to health, safety or the environment (including, without limitation, wetlands) and those pertaining to the construction, use or occupancy of the Leased Property) and any restrictive covenant or deed restriction or easement of record affecting the Leased Property.

"APPLICABLE LIBOR RATE" means a rate per annum equal at all times during each respective Interest Period to the sum of the Adjusted LIBOR Rate plus 1.50% per annum.

"APPLICABLE RATE" means, with respect to the unreimbursed amount of any Remarketing Drawing referred to in Section 2.03(b)(i) of the Reimbursement Agreement, the Adjusted LIBOR Rate applicable to a Remarketing Loan effected on the date of the Remarketing Drawing, provided, however, if any of the circumstances described in Section 2.03(f)(i) or (iii) shall have occurred and remain applicable on the date of the Remarketing Drawing, the Applicable Rate shall be the Base Rate in effect on such date.

"ASSIGNMENT OF LEASE AND RENTS" means the Assignment of Lease and Rents, dated as of the date of the Participation Agreement, from the Lessor to the Credit Bank, together with any other amendments or supplements thereto.

"AWARDS" means any award or payment received by or payable to the Issuer, the Lessor or the Lessee on account of any Condemnation or Event of Taking (less the actual costs, fees and expenses incurred in the collection thereof, for which the Person incurring the same shall be reimbursed from such award or payment).

"BANKRUPTCY LAW" means Title 11, U.S. Code or any other applicable insolvency law or law for the relief of debtors of the United States of America or any State or Commonwealth thereof.

"BANKRUPTCY CODE" means the Bankruptcy Reform Act of 1978, as amended.

"BASE RATE" means the rate of interest published or announced from time to time by the Credit Bank as its base or prime rate, which rate may not necessarily represent the lowest or best

rate actually charged to any customer. Any rate of interest hereunder which is calculated using the Base Rate shall change automatically and immediately as and when the Base Rate shall change without notice to the Lessor or the Lessee, and any notice of such change in the Base Rate to which the Lessor or the Lessee may otherwise be entitled is hereby waived, and any such change shall not alter any of the terms and conditions of the Participation Agreement, the Reimbursement Agreement or the other Operative Documents.

"BASE RATE LOAN" means any portion of a Remarketing Loan as to which the applicable interest rate is the Base Rate.

"BASIC RENT" means the rent payable on each Rent Payment Date, as provided in SECTION 4.1 of the Lease.

"BORROWER PROMISSORY NOTE" means the promissory note issued by the Lessor to the Issuer to evidence the Loan, together with any amendments or supplements thereto or replacement thereof, as the context shall require.

"BUSINESS DAY" means a day of the year, other than (i) a Saturday, Sunday or legal holiday on which banking institutions in the State of Georgia are authorized or required by law to close or (ii) a day on which The New York Stock Exchange is closed.

"CASUALTY" means an event of damage or casualty relating to all or part of the Leased Property which does not constitute an Event of Loss.

"CHARLOTTE PARCEL" means the parcel or parcels of land described in Appendix II, Schedule I, of the Lease.

"CHARLOTTE PROPERTY" means the Charlotte Parcel together with the Improvements located thereon.

"CLAIMS" means liabilities, obligations, damages, losses, demands, penalties, fines, claims, actions, suits, judgments, settlements, utility charges, costs, expenses and disbursements (including, without limitation, reasonable legal fees and expenses) of any kind and nature whatsoever.

"CLOSING DATE" means April 3, 2000.

"CODE" means the Internal Revenue Code of 1986, as amended, and references to the Code and Sections of the Code shall include relevant regulations and proposed regulations thereunder and any successor provisions to such Sections, regulations or proposed regulations.

"CONDEMNATION" means any condemnation, requisition, confiscation, seizure or other taking or sale of the use, occupancy or title to the Leased Property or any part thereof in, by or on account of any actual eminent domain proceeding or other action by any Governmental Authority or other Person under the power of eminent domain, or any transfer in lieu of or in anticipation thereof, which in any case does not constitute an Event of Taking. A Condemnation

shall be deemed to have "occurred" on the earliest of the dates that use, occupancy or title is taken.

"CONTRACTUAL OBLIGATION" means, as applied to any Person, any provision of any Securities issued by that Person or any indenture, mortgage, deed of trust, contract, undertaking, agreement, instrument or other document to which that Person is a party or by which it or any of its properties is bound or to which it or any of its properties is subject (including, without limitation, any restrictive covenant affecting any of the properties of such Person).

"CONTRIBUTION" means, at any time, the aggregate sum of \$877,515.46 advanced by the Lessor from its own funds for the payment of Property Costs pursuant to SECTION 2.2 (b) of the Participation Agreement, less any portion of the principal amount thereof indefeasibly repaid to the Lessor pursuant to the Operative Documents as of the time of determination.

"CONTRIBUTION RETURN" means, as of any date of calculation, (a) with respect to the aggregate amount of the Contribution then outstanding, a pre-tax cumulative return on the balance of the Contribution outstanding from time to time, computed at a per annum rate equal to (i) during any period when a Remarketing Loan, if it were then outstanding under the Reimbursement Agreement, would be treated as a LIBOR Rate Loan, the Contribution Return Rate; (ii) during any period when either (A) such Remarketing Loan would be a Base Rate Loan, or (B) the Base Rate would apply as a result of any circumstance described in SECTION 2.03(f) of the Reimbursement Agreement, the Base Rate; or (iii) during any period when an Event of Default shall have occurred and remain uncured, the Overdue Rate; PROVIDED, HOWEVER, that in none of the foregoing cases shall the applicable foregoing rate exceed the highest rate of interest permitted by Applicable Law which would be applicable to the Contribution if it were treated as indebtedness of the Lessee to the Lessor. Contribution Return shall be payable on each Rent Payment Date from the proceeds of the Facility Rent payable by the Lessee on each such date and any amount of Contribution Return not so paid when due will bear interest at the Overdue Rate until paid in full (whether after or before judgment).

"CONTRIBUTION RETURN RATE" means a rate per annum equal at all times during each respective Interest Period applicable to the calculation of Contribution Return, to the sum of the Adjusted LIBOR Rate applicable to such Interest Period plus 1.50 % per annum.

"CREDIT BANK" means SunTrust Bank, a banking corporation duly organized and validly existing under the laws of the State of Georgia, or any other issuer of the Letter of Credit.

"CREDIT BANK'S TITLE POLICY" is defined in SECTION 3.1(b)(vi) of the Participation Agreement.

"CREDIT DOCUMENTS" means the Reimbursement Agreement, the Letter of Credit, the Borrower Promissory Note, and the Security Documents, and all documents and instruments executed and delivered in connection with each of the foregoing.

"CREDIT EVENT OF DEFAULT" shall mean any of the events specified in Article V of the Reimbursement Agreement, PROVIDED THAT any requirement for the giving of notice or for the lapse of time has been satisfied in connection with such event.

"CREDIT POTENTIAL EVENT OF DEFAULT" means any event, condition or failure which, with notice or lapse of time or both, would become a Credit Event of Default.

"CREDIT RENT" is defined in SECTION 4.1(c) of the Lease.

"DATE OF ISSUANCE" means the date on which the Letter of Credit is issued and becomes effective.

"DEBT SERVICE" means Debt Service as defined in the Note Indenture.

"DEED" or "DEEDS" means, as the context shall require, one or more of the deeds by which the Lessor took title to one or more Parcels of the Land.

"DEFAULT" means an event or condition the occurrence or existence of which would, with the lapse of time or the giving of notice or both, become an Event of Default (other than an Event of Default described in ARTICLE XIII(h) of the Lease).

"DEFAULT RENT PAYMENT DATE" is defined in SECTION 14.1(e) of the Lease.

"DEPOSITORY" means any security depository that is a clearing agency under federal law operating and maintaining, with participants or otherwise, a book entry system to record ownership of book entry interest in the Notes, and to effect transfers of book entry interest in the Notes in book entry form, and includes and means The Depository Trust Company, New York, New York.

"DOLLARS" and the sign "\$" mean freely transferable money of the United States of America.

"DRAWING" means any one or more of an Interest Drawing, a Principal Drawing, a Program Expense Drawing or a Remarketing Drawing.

"EFFECTIVE DATE" means the date upon which interest starts to accrue under the Borrower Promissory Note.

"ENVIRONMENTAL AUDIT" means a Phase One environmental site assessment (the scope and performance of which meets or exceeds ASTM standard Practice E1527-93, Standard Practice for Environmental Site Assessments: Phase One Environmental Site Assessment Process) for each Property, and if called for by the Phase One site assessment, a Phase Two environmental site assessment the scope and performance of which are approved by the Credit Bank in its sole discretion.

"ENVIRONMENTAL LAWS" means and include the Resource Conservation and Recovery Act of 1976, (RCRA) 42 U.S.C. Sections 6901-6987, as amended by the Hazardous and Solid Waste Amendments of 1984, the Comprehensive Environmental Response, Compensation and Liability Act, as amended by the Superfund Amendments and Reauthorization Act of 1986, 42 U.S.C. Sections 9601-9657, (CERCLA), the Hazardous Materials Transportation Act of 1975, 49 U.S.C. Sections 1801-1812, the Toxic Substances Control Act, 15 U.S.C. Sections. 2601-2671, the Clean Air Act, 42 U.S.C. Sections 7401 et seq., the Federal Insecticide, Fungicide and Rodenticid Act, 7 U.S.C. Sections 136 et seq., and all similar federal, state and local environmental laws, ordinances, rules, orders, statutes, decrees, judgments, injunctions, codes and regulations, and any other federal, state or local laws, ordinances, rules, codes and regulations relating to the environment, human health or natural resources or the regulation or control of or imposing liability or standards of conduct concerning human health, the environment, Hazardous Materials or the clean-up or other remediation of the Leased Property, or any part thereof, as any of the foregoing may have been from time to time amended, supplemented or supplanted.

"ENVIRONMENTAL PERMITS" means all permits, licenses, authorizations, certificates and approvals of Governmental Authorities required by Environmental Laws.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended from time to time or any successor federal statute.

"EVENT OF DEFAULT" means any event or condition designated as an "Event of Default" in the Lease.

"EVENT OF LOSS" is defined in SECTION 11.1 of the Lease.

"EVENT OF TAKING" is defined in SECTION 11.2 of the Lease.

"EXCLUDED RIGHTS" is defined in SECTION 1 of the Assignment of Lease and Rents.

"EXPIRATION DATE" means the Expiration Date as defined in the Letter of Credit.

"FACILITATION AGREEMENT" is defined in SECTION 4.2 of the Lease.

"FACILITATION FEE" means the amount specified as the Facilitation Fee to be paid by the Lessee to the Lessor as set forth in SECTION 4.2 of the Lease and in the Facilitation Agreement.

"FACILITY RENT" means amounts payable as Facility Rent as specified in SECTION 4.1 of the Lease.

"FAIR MARKET SALES VALUE" means, with respect to the Leased Property or any portion thereof, the fair market sales value as determined by an independent appraiser chosen by the Lessee (and otherwise reasonably acceptable to the Credit Bank) that would be obtained in any arms-length transaction between an informed and willing buyer (other than a lessee currently in possession and an informed and willing seller, under no compulsion, respectively, to buy or sell and neither of which is related to the Lessor or the Lessee, for the purchase of the Lease

Property. Such fair market sales value shall be calculated as the value for the use of the Leased Property assuming, in the determination of such fair market sales value, that the Leased Property is in the condition and repair required to be maintained by the terms of the Lease (unless such fair market sales value is being determined for purposes of SECTION 14.1 of the Lease and except as otherwise specifically provided in the Lease, or the Participation Agreement, in which case this assumption shall not be made).

"FINAL RENT PAYMENT DATE" is defined in SECTION 14.1(a) of the Lease.

"FINANCIAL ADVISOR" means Cornerstone Capital Corporation.

"FISCAL YEAR" means the fiscal year of the Lessee, which shall be the twelve (12) monthly accounting periods ending on the last calendar day of December or such other period as the Lessee may designate and the Issuer may approve in writing.

"FRAMINGHAM PARCEL" means the parcel or parcels of land described in Appendix II, Schedule II, of the Lease.

"FRAMINGHAM PROPERTY" means the Framingham Parcel together with the Improvements located thereon.

"FUNDING" means the disbursement of the proceeds of the Loan and the Contribution pursuant to SECTION 2.2 of the Participation Agreement.

"FUNDING REQUISITION" means the Funding Requisition provided for in SECTION 2.2(c) and (d) of the Participation Agreement.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time.

"GOVERNMENTAL ACTION" means all permits, authorizations, registrations, consents, approvals, waivers, exceptions, variances, orders, judgments, decrees, licenses, exemptions, publications, filings, notices to and declarations of or with, or required by, any Governmental Authority, or required by any Applicable Law and shall include, without limitation, all siting, building, environmental and operating permits and licenses that are required for the acquisition, construction, use, occupancy, zoning and operation of the Leased Property.

"GOVERNMENTAL AUTHORITY" means the government of the United States of America, the government of any other nation, any political subdivision of the United States of America or any other nation (including, without limitation, any state, territory, federal district, municipality or possession) and any federal, state, county, municipal or other governmental or regulatory authority, agency, board, body, commission, instrumentality or court, or any political subdivision thereof.

"GUARANTOR" means Minnesota Power, Inc., a Minnesota corporation and its permitted successors and assigns.

"GUARANTY" means the Limited Guaranty of the Guarantor, dated as of March 31, 2000, in favor of the Lessor and the Credit Bank, and executed and delivered in connection with the other Operative Documents.

"HAZARDOUS MATERIAL" means any substance, waste or material which is toxic, explosive, corrosive, flammable, infectious, radioactive, carcinogenic, mutagenic or otherwise hazardous, including petroleum, crude oil or any fraction thereof, petroleum derivatives, by products and other hydrocarbons and is or becomes regulated by any Governmental Authority, including any agency, department, commission, board or instrumentality of the United States, the State or any political subdivision thereof and also including asbestos, urea formaldehyde foam insulation, polychlorinated biphenyls ("PCBs") and radon gas.

"HOLDER" means, when used with respect to any of the Notes, the Holder as defined in the Note Indenture.

"IMPROVEMENTS" means the buildings, structures and improvements described in Appendix II of the Lease and located or at any time to be located on each Parcel, along with all fixtures used or useful in connection with the operation of the Leased Property, including, without limitation, all furnaces, boilers, compressors, elevators, fittings, pipings, connectives, conduits, ducts, partitions, equipment and apparatus of every kind and description now or hereafter affixed or attached or used or useful in connection with the buildings, and all Alterations (including all restorations, repairs, replacements and rebuilding of such buildings, improvements and structures) thereto (but in all the above cases excluding trade fixtures and any personal property owned by the Lessee).

"INCREASED COSTS" means any additional amounts, as set forth in a reasonably detailed certificate submitted to the Lessee as to the amounts and basis for such amounts, sufficient to compensate the Credit Bank, the Issuer or the Lessor (with respect to the calculation of Contribution Return) for any increased costs or reduced return on capital as a result of the issuance of the Letter of Credit, or the funding or holding by such Person of the Borrower Promissory Note, or the Contribution, as the case may be (including, without limitation, any such increased costs that are a result of the imposition of any reserve, special deposit, capital adequacy or similar requirement (including, without limitation, regulations of the Board of Governors of the Federal Reserve System) against assets of, or deposits with or for the account of, or credit extended by such Person) as a result of (i) the introduction or implementation after the Closing Date of any applicable law or other change therein, or any change in interpretation or administration thereof, or (ii) the compliance by such Person with any guideline or request (whether or not having the force of law) of any such authority, central bank or comparable agency, which becomes effective after the Closing Date, has the effect of increasing the cost or reducing the rate of return on capital to such Person (whether by direct taxation, change in basis of taxation, imposition of reserve or deposit requirements or penalty or otherwise) in respect of its agreeing to make, making, funding or maintaining the Loan or Contributions, as applicable.

"INDEMNITEE" means (i) the Holders, the Credit Bank, the Lessor, the Note Trustee, the Issuer and their respective successors, permitted assigns, permitted transferees, employees,

officers, directors and agents thereof, (ii) the Issuer, and its managers and Affiliates, and their respective officers, employees, directors, agents, organizers, incorporators and stockholders, and (iii) in the case of the Note Trustee, also including any trustee named in or holding office as trustee under the Note Indenture, in its individual capacity, and its officers, directors, agents and employees; PROVIDED, HOWEVER, that in no event shall the Lessee be an Indemnatee.

"INDEMNITEE GROUP" means, as applicable, (i) the respective employees, officers, directors and agents of the Issuer, the Holders, the Credit Bank, the Lessor, and the Note Trustee, (ii) in the case of the Lessor, also including its constituent partners or members, and its officers, employees, directors, agents, organizers, incorporators, stockholders, managers and Affiliates and (iii) in the case of the Note Trustee, also including any trustee named in or holding office as trustee under the Note Indenture in its individual capacity, and its officers, directors, agents and employees; PROVIDED, HOWEVER, that in no event shall the Lessee be a member of an Indemnatee Group.

"INDEMNIFIED CLAIMS" is defined in SECTION 7.3 of the Participation Agreement.

"INSTITUTIONAL INVESTOR" means any bank, trust company, savings and loan association or other financial institution, any pension plan, any investment company, any insurance company, any broker or dealer, or any similar financial institution or entity, regardless of legal form; PROVIDED that such Person also constitutes a "qualified institutional buyer" as defined in Rule 144A under the Securities Act.

"INTEREST DRAWING" means an Interest Drawing as defined in the Letter of Credit.

"INTEREST PAYMENT DATE" is used with the definition supplied in SECTION 1.01 of the Note Indenture.

"INTEREST PERIOD" means, with respect to any Remarketing Loan, the one-month period commencing on the date of a Remarketing Drawing, and with respect to the calculation of Contribution Return, the one month period commencing on the Closing Date (PROVIDED that if either such commencement date is not an Interest Payment Date, the period commencing on the date of such Remarketing Drawing, or the Closing Date, as the case may be, and ending on the next succeeding Interest Payment Date); and thereafter with respect to the continuation thereof, each succeeding one-month period commencing on the last day of the immediately preceding Interest Period and ending on the corresponding day of the next succeeding month.

"ISSUER" means Cornerstone Funding Corporation I, a Delaware corporation, and its permitted successors and assigns.

"ISSUER FINANCING STATEMENTS" means such UCC financing statements required to be filed by the UCC to perfect the security interest of the Credit Bank in any Pledged Notes at any time held by the Trustee for the benefit of the Credit Bank, with the Issuer as the debtor and the Credit Bank as the secured party; the security interest of the Credit Bank in the Borrower Promissory Note created by the assignment thereof as collateral security for the payment of the Letter of Credit Liabilities, with the Issuer as the debtor and the Credit Bank as the secured party; and the

security interest in the Borrower Promissory Note and such other property of the Issuer as shall be assigned and granted to the Trustee pursuant to the Note Indenture, with the Issuer as the debtor and the Trustee as the secured party.

"KNOXVILLE PARCEL" means the parcel or parcels of land described in Appendix II, Schedule III, of the Lease.

"KNOXVILLE PROPERTY" means the Knoxville Parcel together with the Improvements located thereon.

"LAND" means, collectively, the Charlotte Parcel, the Framingham Parcel and the Knoxville Parcel.

"LAWS" means all ordinances, statutes, rules, regulations, orders, injunctions, writs, treaties or decrees of any Governmental Authority or any governmental or political subdivision or agency thereof, or of any court or similar entity established by any thereof.

"LEASE" means the Lease Agreement between the Lessor and the Lessee dated as of the date of the Participation Agreement, together with any amendments and supplements thereto, pursuant to which, INTER ALIA, the Lessee leases the Leased Property from the Lessor.

"LEASE BALANCE" means, as of any date of determination, without duplication, an amount equal to the sum of (i) the principal balance of the Borrower Promissory Note, all accrued and unpaid interest on the Borrower Promissory Note and any premium or prepayment fee or penalty payable in connection with the prepayment thereof, plus (ii) all Letter of Credit Liabilities, plus (iii) the Contribution, and all accrued and unpaid Contribution Return thereon, plus (iv) accrued and unpaid Basic Rent, plus (v) all other amounts (including Supplemental Rent) owing by the Lessee to the Lessor, the Credit Bank, the Issuer or the Note Trustee under the Operative Documents.

"LEASE TERM" means (i) the period commencing on the Closing Date, and ending on the Scheduled Termination Date or (ii) such shorter period as may result from earlier termination of the Lease as provided therein.

"LEASE TERMINATION DATE" means the Scheduled Termination Date or such earlier date on which the Lease Term shall end as provided in the Lease.

"LEASED PROPERTY" means all of the Properties at any time subject to the Lease.

"LESSEE" means ADESA Corporation, an Indiana corporation, and its permitted successors and assigns under the Lease.

"LESSEE FINANCING STATEMENTS" means such UCC financing statements required to be filed by the UCC to perfect the security interests described in SECTION 2.5 and in ARTICLE XII of the Lease, with the Lessee as the debtor and the Lessor as the secured party, and such UCC

financing statements necessary to assign such security interest to the Credit Bank, pursuant to the Assignment of Lease and Rents.

"LESSOR" means Asset Holdings III, L.P., an Ohio limited partnership, and its permitted successors and assigns as Lessor under the Lease.

"LESSOR'S ESTATE" means all property, rights, privileges and franchises of every kind and description, real, personal or mixed, whether previously granted, conveyed, assigned, pledged over and confirmed, or intended, agreed or covenanted so to be, to the Lessor including, without limitation, all right, title and interest (whether direct, indirect, contingent or otherwise) of the Lessor in the following property:

(a) the Leased Property and any contracts, instruments or documents entered into in connection therewith or relating thereto;

(b) the Lease, including all rights to receive the payments of Lease Balance, Purchase Option Price, Basic Rent, Supplemental Rent, Recourse Deficiency Amount, Sales Proceeds, any and all amounts payable or rights arising under or as a result of insurance and condemnation awards and other amounts payable or rights arising under the Lease, any and all amounts payable pursuant to any indemnities under the Operative Documents and the right to the Sales Proceeds, but excluding amounts paid or payable to the Lessor in its individual capacity;

(c) the Guaranty;

(d) the Participation Agreement, including all rights to receive payment of the Recourse Deficiency Amount, but excluding amounts paid or payable to the Lessor in its individual capacity;

(e) any cash, condemnation or casualty award or payment hereafter deposited or required to be deposited with the Lessor under the Operative Documents, but excluding amounts paid or payable to the Lessor in connection with any of the Excluded Rights, or otherwise in its individual capacity; and

(f) all other Operative Documents to which the Lessor is party and all other documents, moneys and other property which may from time to time pursuant to any Operative Document be delivered to or come into the possession of the Lessor and be intended to be held for the benefit of the Lessor or received in connection with the enforcement of any of the Operative Documents;

PROVIDED, HOWEVER, that the Lessor's Estate, except for the Excluded Rights, is and will be assigned, pledged and mortgaged to the Credit Bank pursuant to, and is and will be subject to the Lien of, the Assignment of Lease and Rents and the Mortgages, and is thereby rendered junior and subordinate to the Borrower Promissory Note and the payment thereof except with respect to the Excluded Rights.

"LESSOR FINANCING STATEMENTS" means such UCC financing statements required to be filed by the UCC in order to perfect the security interests in the Collateral granted pursuant to the Mortgages for such Property, and pursuant to the Assignment of Lease and Rents, with the Lessor as the debtor and the Credit Bank as the secured party.

"LESSOR INDEMNITEE" means the Lessor, its successors and permitted assigns, permitted transferees, incorporators, members, employees, officers, manager and agents.

"LESSOR LIENS" means Liens on or against the Leased Property or any portion thereof, the Lease or any payment of Rent (i) which result from any act of, or any Claim against, the Lessor unrelated to the exercise of Lessor's rights under the Operative Documents or (ii) which result from any Tax owed by the Lessor, except any Tax which the Lessee is obligated by law to pay or for which the Lessee has agreed to indemnify the Lessor.

"LETTER OF CREDIT" means the direct-pay, irrevocable letter of credit in the Stated Amount, issued by the Credit Bank to the Note Trustee and delivered to the Note Trustee at the Closing, as the same may from time to time be amended, modified, replaced, reinstated, reconfirmed, reissued or extended, including, without limitation, any Alternate Letter of Credit.

"LETTER OF CREDIT FEES" is defined in SECTION 2.02(f) of the Reimbursement Agreement.

"LETTER OF CREDIT LIABILITIES" means, at any time, the Stated Amount of the Letter of Credit then outstanding and available to be drawn upon by the Note Trustee, plus all unreimbursed Drawings (including accrued and unpaid interest thereon as in the Reimbursement Agreement provided), plus any and all Letter of Credit Fees and any and all other fees, expenses, costs or other amounts then due and payable to the Credit Bank under the Reimbursement Agreement or in respect of the Letter of Credit or the Notes.

"LETTER OF CREDIT PAYMENT DATE" means the Business Day on which any amount is then due and payable under the Reimbursement Agreement.

"LIBOR RATE" means, for any Interest Period to which the LIBOR Rate applies, an interest rate per annum equal to the offered rate for U.S. Dollar deposits of not less than \$1,000,000 for a period of time equal to each Interest Period as of 11:00 A.M. City of London, England time two London Business Days prior to the first date of each Interest Period as shown on the display designated as "British Bankers Assoc. Interest Settlement Rates" on the Telerate System ("Telerate"), Page 3750 or Page 3740, or such other page or pages as may replace such pages on Telerate for the purpose of displaying such rate; PROVIDED, HOWEVER, that if such rate is not available on Telerate then such offered rate shall be otherwise independently determined by the Credit Bank from an alternate, substantially similar independent source available to the Credit Bank or shall be calculated by Credit Bank by a substantially similar methodology as that theretofore used to determine such offered rate in Telerate.

"LIBOR RATE LOAN" means any Remarketing Loan to which the applicable rate of interest is determined by reference to the LIBOR Rate.

"LIBOR RESERVE PERCENTAGE" means the reserve requirement including any supplemental and emergency reserves (expressed as a percentage) applicable to member banks of the Federal Reserve System in respect of eurocurrency liabilities under Regulation D of the Board of Governors of the Federal Reserve System, or any substituted or amended reserve requirements applicable to member banks of the Federal Reserve System which is in effect as of the date hereof and taking into account any transitional requirements thereto becoming effective during the term of the Letter of Credit.

"LIEN" means any lien, mortgage, deed of trust, encumbrance, pledge, charge, lease, easement, servitude, right of others (legal or equitable) or security interest of any kind, including any thereof arising under any conditional sale or other title retention agreement.

"LOAN" means the loan of the proceeds from the sale of the Notes in the principal sum of up to \$28,373,000 made by the Issuer to the Lessor on the Closing Date and evidenced by the Borrower Promissory Note.

"LOSS PROCEEDS" shall have the meaning specified in SECTION 11.6 of the Lease.

"MATERIAL ADVERSE EFFECT" means a material adverse effect upon (i) the financial condition, operations, performance or properties of the Lessee and its Subsidiaries, taken as a whole, or (ii) the ability of the Lessee or any of its Subsidiaries, including, without limitation, any of the Lessee, to perform in any material respect under the Operative Documents.

"MATURITY DATE" means April 1, 2020.

"MEMORANDUM OF LEASE" means each Memorandum of Lease, dated as of the date of the Participation Agreement, between the Lessee and Lessor which describes the Lease and certain of its provisions and is intended to be recorded in the real property records of the county and state in which each Property is located.

"MOODY'S" shall mean Moody's Investors Service, Inc., a Delaware corporation, its successors and assigns.

"MORTGAGES" means the Deed of Trust and Security Agreement or Mortgage and Security Agreement dated as of the date of the Participation Agreement made and executed by Lessor and delivered to the Credit Bank with respect to each Property, as amended and supplemented from time to time.

"NET WORTH" means, for any Person as of the date of any determination thereof, the sum of (i) the par value (or value stated on the books of the such Person) of the capital stock of all classes of such Person, plus (or minus in the case of a surplus deficit) (ii) the amount of the consolidated surplus, whether capital or earned, of the Person and its Subsidiaries, plus (iii) the amount of paid in capital, less the sum of treasury stock, unamortized debt discount and expense, goodwill, trademarks, tradenames, patents, non-current deferred charges and other intangible assets and any write-up of the value of any asset, all as determined on a consolidated basis for the Person and its Subsidiaries in accordance with GAAP.

"NON-DISTURBANCE AND ATTORNMENT AGREEMENT" means each Subordination, Non-Disturbance and Attornment Agreement, dated as of the date of the Participation Agreement, by and among the Credit Bank, the Lessor and the related Lessee, together with any amendments or supplements thereto.

"NOTES" or "SERIES 2000A NOTES" means the Issuer's \$28,373,000 aggregate principal amount of Floating Rate Notes, Series 2000A.

"NOTE INDENTURE" means that certain Trust Indenture of even date with the Participation Agreement between the Note Trustee and the Issuer, as amended and supplemented from time to time.

"NOTE TRUSTEE" shall mean Fifth Third Bank, a banking corporation duly organized, validly existing and authorized to exercise corporate trust powers under the laws of the State of Ohio, and its successors and assigns in trust under the Note Indenture.

"OFFICER'S CERTIFICATE" of a Person means a certificate signed by the Chairman of the Board or the President or any Executive Vice President or any Senior Vice President or any other Vice President of such Person signing with the Treasurer or any Assistant Treasurer or the Controller or any Assistant Controller or the Secretary or any Assistant Secretary of the such Person, or by any Vice President who is also Controller or Treasurer signing alone.

"OPERATIVE DOCUMENTS" means the Participation Agreement, the Transfer Documents, the Lease, the Borrower Promissory Note, the Reimbursement Agreement, the Letter of Credit, the Assignment of Lease and Rents, the Mortgages, the Guaranty, the Non-Disturbance and Attornment Agreements, the Note Indenture and the Notes.

"ORIGINAL EXECUTED COUNTERPART" is defined in SECTION 18.08 of the Lease.

"OUTSTANDING" means, with reference to the Notes, Outstanding as defined in the Note Indenture.

"OVERDUE RATE" means the lesser of (i) the highest interest rate permitted by Applicable Law and (ii) an interest rate per annum (calculated on the basis of a 365-day year) equal to the Base Rate in effect from time to time plus 2.00%.

"PARCEL" means each of the Charlotte Parcel, the Framingham Parcel and the Knoxville Parcel.

"PARTICIPATION AGREEMENT" means the Participation Agreement dated as of March 31, 2000 among the Issuer, the Credit Bank, the Lessor and the Lessee, together with all amendments and supplements thereto.

"PAYMENT DATE" means (i) each Rent Payment Date during the Lease Term, and (ii) the Lease Termination Date; PROVIDED, HOWEVER, that if any such date shall not be a Business Day, the Payment Date shall be the next following Business Day.

"PAYMENT DEFICIENCY" has the meaning set forth in SECTION 2.03(c) of the Reimbursement Agreement.

"PERMITTED LIENS" means (i) the respective rights and interests of the Lessee, the Lessor and the Credit Bank as provided in the Operative Documents, (ii) Lessor Liens, (iii) Liens for Taxes either (A) not yet due or (B) being contested in good faith and by appropriate proceedings, so long as enforcement thereof is stayed pending such proceedings, (iv) materialmen's, mechanics', workers', repairmen's, employees' or other like Liens arising with respect to the Land after the acquisition thereof by Lessor in the ordinary course of business for amounts either not yet due or being contested in good faith and by appropriate proceedings, so long as enforcement thereof is stayed pending such proceedings, (v) Liens arising with respect to the Land after the acquisition thereof by Lessor out of judgments or awards with respect to which at the time an appeal or proceeding for review is being prosecuted in good faith, so long as the enforcement thereof has been stayed pending such appeal or review, (vi) easements, rights of way, reservations, servitudes and rights of others against the Land which are listed on Schedule B to the Title Policy or permitted by ARTICLE VI of the Lease, and (vii) assignments, Lease and sublease expressly permitted by the Operative Documents.

"PERSON" means an individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, nonincorporated organization or government or any agency or political subdivision thereof.

"PLANS AND SPECIFICATIONS" means the final plans and specifications for the Improvements as such Plans and Specifications may be hereafter amended, supplemented or otherwise modified from time to time.

"PLEGGED NOTES" means the Pledged Notes as defined in SECTION 2.06 of the Reimbursement Agreement.

"PRO RATA FRACTION" means, with respect to each Property, that fraction of the Lease Balance, the Recourse Deficiency Amount, or other item for which the Pro Rata Fraction of a particular Property is to be calculated, the numerator of which is the amount set forth in the following table for such Property, and the denominator of which is the total of such amounts for all of the Properties subject to the Lease at the time of calculation:

Property	Applicable Amount
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Charlotte Property	\$ 8,000,000
Framingham Property	\$17,500,000
Knoxville Property	\$ 3,750,000

"PRINCIPAL DRAWING" means a Principal Drawing as defined in the Letter of Credit.

"PROCEEDING" means any action, suit or proceeding in equity or at law or otherwise.

"PROGRAM EXPENSE DRAWING" means a Program Expense Drawing as defined in the Letter of Credit.

"PROGRAM EXPENSES" shall mean Program Expenses as defined in the Note Indenture.

"PROPERTY" means each of the Charlotte Property, the Framingham Property, and the Knoxville Property.

"PROPERTY COSTS" is defined in SECTION 2.6 of the Participation Agreement.

"PURCHASE OPTION" is defined in SECTION 15.1 of the Lease.

"PURCHASE OPTION PRICE" means, for each Property, an amount equal to such Property's Pro Rata Fraction of the Lease Balance as of the closing date of the purchase of the Property pursuant to the exercise by the Lessee of the Purchase Option, as set forth in SECTION 15.1 of the Lease.

"QUALIFIED PAYMENT" shall mean any monies paid or payable to the Lessor or the Credit Bank and identified in the Lease or any other Operative Document as a "Qualified Payment", it being agreed that all Qualified Payments shall be paid to the Credit Bank as a pre-payment of the Loan to be applied as principal payments of the Loan, but without (unless agreed in writing by the Credit Bank and the Lessee) affecting or giving rise to any change or adjustment of the Basic Rent except the installment due on the Lease Termination Date.

"RATE ADJUSTMENT DATE" means the date on which the interest rate, determined on the related Rate Determination Date, applicable to the Borrower Promissory Note becomes effective. A Rate Adjustment Date shall occur on each Thursday.

"RATE DETERMINATION DATE" means the first Business Day next preceding each Rate Adjustment Date.

"RATE PERIOD" means, with the exception of the initial Rate Period, each seven day period commencing on a Thursday and ending on the following Wednesday, or the maturity date of the Borrower Promissory Note, whichever shall first occur.

"RATING SERVICE" means a Rating Service as defined in the Note Indenture.

"RECOURSE DEFICIENCY AMOUNT" means at any time of calculation, an amount equal to \$23,290,000, less, if prior thereto any Property shall have been purchased pursuant to the provisions of SECTION 11.1, 11.2 or 15.1 of the Lease (and the related purchase monies paid in full), the Pro Rata Fraction of each Property so purchased multiplied by \$23,290,000.

"REGULATIONS" means the income tax regulations promulgated from time to time under and pursuant to the Code.

"REIMBURSEMENT ACCOUNT" is defined in SECTION 3.07 of the Reimbursement Agreement.

"REIMBURSEMENT AGREEMENT" means the Reimbursement Agreement dated as of the date of the Participation Agreement, between the Credit Bank and the Lessor, together with all amendments and supplements thereto.

"RELEASE" means the release, deposit, disposal or leak of any Hazardous Material into or upon or under any land or water or air, or otherwise into the environment, including, without limitation, by means of burial, disposal, discharge, emission, injection, spillage, leakage, seepage, leaching, dumping, pumping, pouring, escaping, emptying, placement and the like.

"RELEASE DATE" means the date that the Loan has been paid in full and all Contributions have been repaid in full.

"REMARKETING AGENT" means, initially, Cornerstone Capital Corporation, an Ohio Corporation, its successors and assigns, and any other Person subsequently appointed and acting as remarketing agent under the Remarketing Agreement.

"REMARKETING AGREEMENT" means the Remarketing Agreement dated as of March 31, 2000 between the Issuer, the Credit Bank and the Remarketing Agent, relating to the remarketing of the Notes, as such agreement may be amended as permitted therein.

"REMARKETING CONDITIONS" is defined in SECTION 15.6(b) of the Lease.

"REMARKETING DRAWING" means a Remarketing Drawing as defined in the Letter of Credit.

"REMARKETING OPTION" is defined in SECTION 15.6 of the Lease.

"RENT" means Basic Rent and Supplemental Rent, collectively.

"RENT PAYMENT DATE" means the last Business Day of each calendar month during the Lease Term.

"RENT PERIOD" means (i) the period beginning on the Closing Date and ending on the first Payment Date, and (ii) each subsequent period beginning on the day immediately after a Payment Date and ending on the next Payment Date.

"REQUIREMENTS OF LAW" means, as to any Person, the charter and by-laws or other organizational or governing documents of such Person, and any law, rule or regulation, permit, approval, authorization, license or variance, order or determination of an arbitrator or a court or other Governmental Authority, in each case applicable to or binding upon such Person or any of its property or to which such Person or any of its property is subject, including, without

limitation, the Securities Act, the Securities Exchange Act, Regulations G, T, U and X, and any building, environmental or land use requirement or permit or occupational safety or health law, rule or regulation.

"RESPONSIBLE OFFICER" means the President, any Senior Vice President or Executive Vice President, the Secretary, or the Treasurer.

"S&P" shall mean Standard & Poor's Rating Group, a division of McGraw-Hill, Inc., and its successors and assigns.

"SALES PROCEEDS" means the proceeds of any sale of the Leased Property pursuant to the provisions of SECTION 15.6 or 15.7 of the Lease.

"SCHEDULED TERMINATION DATE" means the earlier of (i) April 1, 2010 or (ii) the last Interest Payment Date which precedes the Expiration Date by at least 10 days.

"SEC" means the United States Securities and Exchange Commission.

"SECURITIES" means any stock, shares, voting trust certificates, bonds, debentures, notes or other evidences of indebtedness, secured or unsecured, convertible, subordinated or otherwise, or in general any instruments commonly known as "securities", or any certificates of interest, shares, or participations in temporary or interim certificates for the purchase or acquisition of, or any right to subscribe to, purchase or acquire any of the foregoing.

"SECURITIES ACT" means the Securities Act of 1933, as amended.

"SECURITIES EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"SECURITY DOCUMENTS" means the following documents which have been executed by the Lessee, the Lessor or the Guarantor and delivered to the Credit Bank as security for the Lessor's obligations under the Reimbursement Agreement, the Borrower Promissory Note, the Participation Agreement, and any and all other present or future Obligations, agreements, or indebtedness between the Lessor and the Credit Bank: the Lease (to the extent construed as a mortgage, deed of trust, security agreement or similar security instrument), the Guaranty, the Mortgages, the Assignment of Lease and Rents and the UCC Financing Statements.

"STATE" means, with respect to each Parcel, the State in which such Parcel is located.

"STATED AMOUNT" means, at any time, the unpaid principal balance of the Notes, plus 45 days' of interest thereon calculated at the rate of 14.73% per annum, plus 45 days' of Program Expenses calculated with respect to the par amount of the Notes then Outstanding at a per annum rate of 0.27%. The Stated Amount is originally \$28,904,994, being \$28,373,000 of principal, \$522,418 of interest and \$9,576 of Program Expenses.

"SUBSIDIARY" means for any Person any corporation or others entity of which securities or other ownership interests having ordinary voting power to elect a majority of the board of

directors or other Persons performing similar functions are at the time directly or indirectly owned by such Person.

"SUPPLEMENTAL RENT" means any and all amounts, liabilities and obligations other than Basic Rent which the Lessee assumes or agrees or is otherwise obligated to pay under the Lease or any other Operative Document (whether or not designated as Supplemental Rent) to the Lessor, the Issuer, any Holder, the Credit Bank, the Note Trustee or any other party, including, without limitation, Increased Costs payable at any time with respect to the Borrower Promissory Note, the Letter of Credit or the Notes, amounts payable by Lessee under ARTICLE XVII of the Lease, and indemnities and damages for breach of any covenants, representations, warranties or agreements.

"TAX" or "TAXES" is defined in SECTION 7.4(a) of the Participation Agreement.

"TAX INDEMNITEE" means the Lessor, the Issuer, the Holders of the Notes, and their respective Affiliates, successors, permitted assigns, permitted transferees, employees, officers, directors and agents thereof (and, in the case of the Lessor and the Issuer, also including their respective organizers, incorporators, managers, members and stockholders), PROVIDED, HOWEVER, that in no event shall the Lessee be a Tax Indemnitee.

"TITLE INSURANCE COMPANY" means First American Title Insurance Corporation and its successors and assigns.

"TITLE POLICIES" are defined in SECTION 3.3 of the Participation Agreement.

"TRANSFER DOCUMENTS" means (i) the Partnership Reorganization and Redemption Agreement dated as of March 31, 2000, (the "Redemption Agreement") among the Lessor, Realty Facility Holdings I, L.L.C., an Ohio limited liability company ("RFH"), Realty Facility Investments, L.L.C., an Ohio limited liability company ("RFI"), Asset Holdings Corporation, a Delaware corporation ("AHC"), and January Partnership Ltd., an Ohio limited partnership ("JPL") and (ii) the Release and Waiver Agreement dated as of March 31, 2000 (the "Release Agreement") among the Partnership, AHC, JPL, the Lessee, Banc One Capital Partners II, LLC, a Delaware limited liability company ("BOCPII"), ADESA-Charlotte, Inc., a North Carolina corporation, A.D.E. of Knoxville, Inc., a Tennessee corporation, and Auto Dealers Exchange of Concord, Inc., a Massachusetts corporation.

"UCC" means the Uniform Commercial Code of, as applicable, the State of Ohio and each State in which a Property is located, as in effect from time to time.

"UCC FINANCING STATEMENTS" means the Lessee Financing Statements, the Lessor Financing Statements, the Issuer Financing Statements and any other Uniform Commercial Code Financing Statement given by the Lessee, the Lessor or the Issuer to be filed with the offices of the Secretary of State or the Secretary of the Commonwealth, as applicable, of the Commonwealth of Massachusetts, the States of Tennessee, North Carolina and Ohio, and the real and personal property records offices of Middlesex County, Massachusetts, Loudon County, Tennessee, Mecklinburg County, North Carolina and Franklin County, Ohio.

"UNFUNDED BENEFIT LIABILITIES" means, with respect to any Employee Benefit Plan at any time, the amount of unfunded benefit liabilities of such Employee Benefit Plan at such time as determined under ERISA Section 4001(a)(18) which shall not be less than the accumulated benefit obligation, as disclosed in accordance with FAS 87, over the fair market value of Employee Benefit Plan assets.

"WEEKLY RATE" means the rate of interest per annum determined by the Remarketing Agent and generally in effect for a period of one week, subject to adjustment as provided in Section 2.03 of the Reimbursement Agreement. The Weekly Rate shall be the minimum rate of interest which, in the opinion of the Remarketing Agent, would be necessary to sell the Notes on the Rate Adjustment Date in a secondary market sale at the principal amount thereof plus accrued interest.

(End of Appendix I)

ASSIGNMENT OF LEASE AND RENTS

THIS ASSIGNMENT OF LEASE AND RENTS (this "Assignment") is made and entered into as of the 31st day of March, 2000 by and between ASSET HOLDINGS III, L.P., an Ohio limited partnership, as the Lessor (the "LESSOR"), and SUNTRUST BANK, a banking corporation duly organized and validly existing under the laws of the State of Georgia (the "CREDIT BANK"). Capitalized terms that are not otherwise clearly defined herein shall have the meanings assigned to them in the Lease Agreement of even date herewith (as amended, supplemented or restated from time to time, the "LEASE"), by and between the Lessor and ADESA CORPORATION (the "LESSEE").

W I T N E S S E T H

WHEREAS, the Lease provides for, among other things, the lease of the Properties described on Exhibit A attached hereto (together, the "LEASED PROPERTY") from the Lessor to the Lessee;

WHEREAS, the Lessor has requested Cornerstone Funding Corporation I, a Delaware corporation (the "ISSUER"), make a loan to the Lessor in the original principal amount of \$28,373,000 (the "LOAN"), to be evidenced by the Borrower Promissory Note, in order to finance a portion of the Property Costs to be incurred by the Lessor in connection with its acquisition of the Leased Property and arranging for the transactions contemplated by the Operative Documents;

WHEREAS, the Credit Bank, the Lessor, the Lessee and the Issuer have entered into that certain Participation Agreement dated as of March 31, 2000 (together with any amendments or supplements thereto, the "PARTICIPATION AGREEMENT"), pursuant to which the Issuer has agreed to issue and sell \$28,373,000 in aggregate principal amount of its Floating Rate Notes, Series 2000A (the "Notes"), and apply the proceeds thereof in order to make the Loan to the Lessor, on the condition, among others, that the Credit Bank issue to the Note Trustee the Letter of Credit as security for the payment of the Notes;

WHEREAS, the Lessor and the Credit Bank have entered into that certain Reimbursement Agreement dated as of March 31, 2000 (the "REIMBURSEMENT AGREEMENT"), pursuant to which the Credit Bank has agreed to issue the Letter of Credit to the Note Trustee and the Lessor has agreed to pay all fees required for the issuance and maintenance of the Letter of Credit and to reimburse the Credit Bank for all Drawings made under the Letter of Credit and all Letter of Credit Liabilities, and to secure its obligations under the Reimbursement Agreement by granting the Mortgages and this Assignment;

WHEREAS, a condition to the Credit Bank's issuance of the Letter of Credit and the Lessor's execution of the Lease is the execution and delivery of the Guaranty to the Credit Bank and the Lessor by Minnesota Power, Inc., a Minnesota corporation (the "GUARANTOR")

WHEREAS, to provide further security for the payment by the Lessor of its obligations to the Credit Bank under the Reimbursement Agreement and the other Operative Documents, the Lessor, pursuant to this Assignment, has agreed to assign to the Credit Bank substantially all of its rights under the Lease and the Guaranty, as provided herein; and

WHEREAS, to secure the Lessor's obligations to the Credit Bank under the Reimbursement Agreement and the other Operative Documents, the Lessor, as mortgagor has granted to the Credit Bank, as mortgagee, that certain Deed of Trust and Security Agreement (Charlotte Property), that certain Deed of Trust and Security Agreement (Knoxville Property), and that certain Mortgage and Security Agreement (Framingham Property), each of even date herewith (together with any amendments or supplements thereto, the "MORTGAGES"), collectively providing, among other things, for a mortgage lien on and security interest in each Property, and which are intended to be recorded in the real property records of the respective jurisdiction in which the Properties are located;

NOW, THEREFORE, in consideration of the mutual agreements contained in this Assignment and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto agree as follows:

SECTION 1. ASSIGNMENT OF LEASE AND RIGHTS UNDER GUARANTY. The Lessor, as security for the payment of its obligations to the Credit Bank under the Reimbursement Agreement and the other Operative Documents and the performance and observance by the Lessor for the benefit of the Credit Bank of the provisions thereof, has assigned, transferred, conveyed and set over, and by these presents does assign, transfer, convey and set over, to the Credit Bank the following:

ALL OF THE LESSOR'S INTEREST IN, TO AND UNDER THE LEASE and all of the Lessor's estate, right, title, interest, claim and demand as the Lessor under the Lease and all existing or future amendments, supplements or modifications of the Lease and any guarantees of the Lessee's obligations under the Lease and any agreements, documents, instruments, assignments, pledges, security agreements, security interests or collateral securing at any time the Lessee's obligations under the Lease;

TOGETHER WITH all rights, powers, privileges, options and other benefits of the Lessor under the Lease, including, without limitation, (1) the right to receive and collect all Rent, income, revenues, issues, profits, Loss Proceeds, Awards, bankruptcy claims, liquidated damages, purchase price proceeds (pursuant to SECTIONS 11.1, 11.2, 14.1, 15.1, 15.2, 15.3, 15.5 or 15.6 of the Lease or otherwise), the Lease Balance, the Recourse Deficiency Amount, and other payments, tenders and security payable to or receivable by the Lessor under the Lease at any time, (2) the right to give and withhold on behalf of and in the name of Lessor all waivers, consents, modifications, amendments and agreements under or with respect to the Lease, (3) the right to give and receive copies of all notices and other instruments or communications under or pursuant to the Lease, (4) the right to take such action and to exercise such rights and remedies upon the occurrence and during the continuance of a Default or an Event of Default as shall be permitted by the Lease or by Applicable

Law, excluding, however, the Excluded Rights (herein defined), and (5) the right to do any and all other things whatsoever which the Lessor or any lessor under the Lease is or may be entitled to do thereunder other than with respect to the Excluded Rights; and

TOGETHER WITH the irrevocable right and power to execute and deliver as agent and attorney-in-fact of the Lessor under the Lease, with an interest and full power of substitution, an appropriate deed, bill of sale or other instrument or instruments of transfer necessary or appropriate for the conveyance and transfer to the Lessee (or third-party purchasers) of the Leased Property pursuant to ARTICLES XI, XIV or XV of the Lease, and all interests of the Lessor therein and to perform in the name and for and on behalf of the Lessor, as such agent and attorney-in-fact, and all other necessary or appropriate acts with respect to any such purchase, conveyance and transfer; and

TOGETHER WITH all of the rights of the Lessor under the Guaranty and to receive payments from the Guarantor thereunder;

EXCLUDING, HOWEVER, the following (the "EXCLUDED RIGHTS"):

(a) The Supplemental Rent payable in respect of the Facilitation Agreement, as provided in SECTION 4.2 of the Lease and all payments (whether or not constituting Supplemental Rent) of any indemnity or other amounts under the Lease or any other Operative Document which are intended to reimburse the Lessor for costs, expenses, damages or losses incurred by the Lessor and which by the terms thereof are payable to the Lessor or its successors, permitted assigns, constituent members, or the incorporators, stockholders, employees, officers, director, agents or Affiliates of any of the foregoing;

(b) The nonexclusive right to receive from the Lessee copies of all notices, certificates, and other documents and information which the Lessee or any other Person is required to give or furnish to the Lessor pursuant to the Lease; and

(c) All rights to sue for, demand, collect or enforce any of the foregoing Excluded Rights and all amounts paid or payable in connection therewith, all such Excluded Rights being expressly excepted and excluded from this collateral assignment.

SECTION 2. ASSIGNMENT AS SECURITY.

(a) The assignment made hereby is executed as an absolute and present assignment, but is delivered to the Credit Bank as security for the Lessor's obligations to the Credit Bank under the Reimbursement Agreement and other Operative Documents, and the execution and delivery hereof shall not in any way impair or diminish any obligations of the Lessor as lessor under the Lease or of the Lessor or the Credit Bank under any of the other Operative Documents, nor impair, affect or modify any of the terms and conditions of the Reimbursement Agreement or any of the other Operative Documents, nor shall any of the obligations of the Lessor or of any other Person under any of the Operative Documents (other than the express obligations of the Credit Bank) be imposed upon the Credit Bank, including, but not limited to, collecting Rent or enforcing performance by the Lessee.

(b) Without limiting the generality of the foregoing, the Credit Bank shall not be obligated to perform or discharge, nor does the Credit Bank hereby undertake to perform or discharge, any obligation, duty or liability of the Lessor under the Lease or of the Lessor under any of the other Operative Documents, or under or by reason of this Assignment and the Lessor does hereby waive any and all liability, loss or damage which may or might be asserted against the Credit Bank by reason of any alleged obligations or undertakings on its part to perform or discharge any of the terms, covenants or agreements contained in the Lease to be performed or discharged by the Lessor thereunder. It is further understood and agreed that this Assignment shall not operate to (i) place responsibility for the control, care, management or repair of the Leased Property upon the Credit Bank, nor for the carrying out of any of the terms and conditions of the Lease or of any of the other Operative Documents (except to the extent expressly provided therein), in any such case binding upon or applicable to the Lessor or (ii) make the Credit Bank responsible or liable for any waste with respect to the Leased Property or any part thereof by the Lessee or any Person other than by the Credit Bank, or for any dangerous or defective condition of the Leased Property or any part thereof, or for any negligence of the management, upkeep, or repair or control of the Leased Property or any part thereof resulting in loss or injury or death to any Lessee, any sublessee, sublessor, licensee, invitee, employee or stranger other than the gross negligence or willful misconduct of the Credit Bank.

SECTION 3. POWER OF ATTORNEY WITH RESPECT TO THE LEASE AND THE GUARANTY. Except for the Excluded Rights, the Lessor does hereby irrevocably constitute and appoint the Credit Bank its true and lawful attorney with an interest and full power of substitution, for it and in its name, place and stead, to do any or all of the following: (i) ask, demand, collect, receive receipt for, sue for, compound and give acquittance for all Basic Rent, Supplemental Rent, payments pursuant to ARTICLES IV, XI, XIV and XV of the LEASE, purchase proceeds or avails, income, Awards, Loss Proceeds, the Lease Balance, the Recourse Deficiency Amount, and other sums paid or payable to the Lessor pursuant to the Lease and the Guaranty and other sums which are assigned under SECTION 1 hereof and (ii) sue for, compound and give acquittance for, or settle, adjust or compromise any claim for any and all such Rent, purchase proceeds or avails, income, Awards, Loss Proceeds, the Lease Balance, the Recourse Deficiency Amount, all payments from the Guarantor under the Guaranty and all proceeds thereof, and other sums which are assigned under SECTION 1 hereof as fully as the Lessor could itself do, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Lessor or otherwise, which the Credit Bank may deem necessary or appropriate to protect and preserve the right, title and interest of the Credit Bank in and to such Rent and other sums and security intended to be afforded hereby. The powers granted to the Credit Bank in this Section 3 are, and are intended to be, exclusive to the Credit Bank, and the Lessor shall not take any actions covered by the powers granted in this Section 3 unless expressly requested to do so by the Credit Bank

SECTION 4. CREDIT BANK DESIGNATED RECIPIENT. The Lessor hereby directs the Lessee and the Guarantor to deliver or remit directly to the Credit Bank at its address set forth in the Participation Agreement all Basic Rent, Supplemental Rent, payments pursuant to ARTICLES IV, XI, XIV and XV of the LEASE, purchase proceeds or avails, income, Awards, Loss Proceeds, the Lease Balance, the Recourse Deficiency Amount, and other sums paid or payable to the Lessor pursuant to the Lease and the Guaranty (but excluding in all cases all Excluded Rights and proceeds thereof), by

wire transfer of Federal or other funds current and immediately available to the Credit Bank on or before the due date thereof.

SECTION 5. ALLOCATION PURSUANT TO REIMBURSEMENT AGREEMENT. Notwithstanding anything contained herein to the contrary, any and all Basic Rent, Supplemental Rent, payments pursuant to ARTICLES IV, XI, XIV and XV of the Lease, payments in respect of the Lease Balance and of the Recourse Deficiency Amount or otherwise, purchase proceeds or avails, income, Awards, Loss Proceeds and other sums payable by the Lessee under the Lease or by the Guarantor under the Guaranty paid to or received or collected by or on behalf of the Credit Bank shall be paid, allocated and distributed pursuant to the terms of, and in the order of priority provided for in, ARTICLE III of the Reimbursement Agreement

SECTION 6. EXCLUDED RIGHTS. Notwithstanding anything contained herein to the contrary, and regardless of whether or not a Loan Event of Default shall occur or exist, all Excluded Rights are hereby retained by the Lessor and are not assigned to the Credit Bank.

SECTION 7. IRREVOCABILITY; SUPPLEMENTAL INSTRUMENTS. The Lessor agrees that the assignment made hereby and the designation and direction to the Lessee set forth in SECTION 4 are irrevocable, and that the Lessor will not, while said assignment is in effect or thereafter until the Lessee has received from the Credit Bank written notice of the termination of said assignment, make any other assignment, designation or direction inconsistent herewith, and agrees that any assignment, designation or direction inconsistent herewith shall be void. In addition, the Lessor shall from time to time, upon request of the Credit Bank, execute all instruments of further assurance and all such supplemental instruments as the Credit Bank may reasonably specify.

SECTION 8. AMENDMENTS OR TERMINATION OF THE LEASE. Except as otherwise permitted under this SECTION 8 or SECTIONS 6.1 or 8.4 of the Participation Agreement, the Lessor shall not enter into any agreement amending, supplementing, hypothecating, waiving, discharging or terminating the LEASE (other than solely involving Excluded Rights), the Mortgages or any other agreement, document or instrument hereby assigned by the Lessor to the Credit Bank.

SECTION 9. LESSEE'S CONSENT AND AGREEMENT. The consent and agreement by the Lessee to the provisions of this Assignment is evidenced by their execution of this Assignment in the spaces indicated therefor at the end of this Assignment; PROVIDED, HOWEVER, that the parties hereto agree that the LEASE and the Participation Agreement shall control as to the respective rights and obligations of the Lessor and the Lessee.

SECTION 10. REMEDIES CUMULATIVE. Each right, power and remedy of the Credit Bank provided for in this Assignment or now or hereafter existing at law or in equity or by statute or otherwise shall be cumulative and concurrent and shall be in addition to every other right, power or remedy provided for in this Assignment or in any other Operative Document or now or hereafter existing at law or in equity or by statute or otherwise and the exercise or beginning of the exercise by the Credit Bank of any one or more of such rights, powers or remedies shall not preclude the further exercise thereof or the simultaneous or later exercise by the Credit Bank of any or all such other rights, powers or remedies. No failure or delay on the part of the Credit Bank to exercise any such right, power or remedy (including, without limitation, the granting by the Credit Bank of

consent to any action by the Lessor) shall operate as a waiver thereof. The Lessor stipulates that the remedies at law in respect of any default or threatened default by the Lessor in the performance of or compliance with any of the terms of this Assignment are not and will not be adequate, and that any of such terms may be specifically enforced by a decree for specific performance or by an injunction against the violation of any terms or otherwise.

SECTION 11. MISCELLANEOUS.

(a) All notices, requests, offers, consents and other instruments given pursuant to this Assignment shall be delivered in accordance with SECTION 8.2 of the Participation Agreement. In addition, the Credit Bank shall provide the Lessee in a timely fashion with a copy of any such instruments given by the Credit Bank to the Lessee hereunder; provided, however, that the Credit Bank's failure to provide the Lessee with any such copy shall not nullify or delay the effectiveness of any such instrument.

(b) This Assignment shall be binding upon, inure to the benefit of and be enforceable by, the respective successors and assigns of the parties hereto. The headings to the various paragraphs of this Assignment have been inserted for convenient reference only and shall not modify, define, limit or expand the express provisions of this Assignment. Neither this Assignment nor any provision hereof may be amended, modified, waived, discharged or terminated orally, but only by an instrument signed by the parties hereto. If any provision of this Assignment or any application thereof shall be invalid or unenforceable, the remainder of this Assignment and any other application of such provision shall not be affected thereby.

(c) THIS ASSIGNMENT SHALL IN ALL RESPECTS BE GOVERNED BY, CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA EXCEPT FOR ISSUES WHICH ARE MANDATORILY SUBJECT TO THE LAWS OF THE STATE IN WHICH ANY PART THE LEASED PROPERTY IS LOCATED, WHICH ISSUES SHALL BE INTERPRETED, CONSTRUED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE IN WHICH SUCH PART OF THE LEASED PROPERTY IS LOCATED.

(d) This Assignment may be executed in any number of counterparts as may be convenient or necessary, and it shall not be necessary that the signatures of all parties hereto or thereto be contained on any one counterpart hereof or thereof. Additionally, the parties hereto agree that for purposes of facilitating the execution of this Assignment, (i) the signature pages taken from separate individually executed counterparts of this Assignment may be combined to form multiple fully executed counterparts and (ii) a signature delivered by facsimile transmission shall be deemed to be an original signature. All executed counterparts of this Assignment shall be deemed to be originals, but all such counterparts taken together or collectively, as the case may be, shall constitute one and the same agreement.

(e) Upon payment in full of the indebtedness and obligations secured by this Assignment and the Reimbursement Agreement and performance of all other obligations secured hereby and thereby, the Credit Bank shall, at the Lessor's expense, do, execute, acknowledge and deliver each and every deed, conveyance, transfer and release necessary or proper to evidence the

release of this Assignment whereupon this Assignment and the assignment created hereby shall terminate and be of no further force or effect.

(f) Except as otherwise expressly provided below in this CLAUSE (f), It is expressly understood and agreed by and between the Lessor, the Credit Bank, and their respective successors and assigns that nothing herein contained shall be construed as creating any liability (other than for intentional misrepresentation or willful misconduct) of the Lessor or any of its Affiliates or any of its or their respective officers, directors, members, incorporators, stockholders, partners, venturers, trustees, beneficiaries, employees, managers or agents, individually or personally, whether past, present or future to perform any covenant, either express or implied, contained herein, all such liability, if any, being expressly waived by the Credit Bank and by each and every Person now or hereafter claiming by, through or under the Credit Bank, and that, so far as the Lessor or any of its Affiliates or any of their respective officers, directors, incorporators, stockholders, partners, venturers, trustees, beneficiaries, employees or agents, individually or personally, is concerned, the Credit Bank and any Person claiming by, through or under the Credit Bank shall look solely to the right, title and interest of the Lessor in the Leased Property and any proceeds from the Lessor's sale or encumbrance thereof (provided, however, that the Credit Bank shall not be entitled to any double recovery) for the performance of any obligation under this Assignment and under the Operative Documents and the satisfaction of any liability arising therefrom (other than for intentional misrepresentation or willful misconduct).

[THIS SPACE INTENTIONALLY LEFT BLANK]

IN WITNESS WHEREOF, the parties hereto have each caused this Assignment to be executed by their respective duly authorized officers as of the day and year first above written.

Witnesses: ASSET HOLDINGS III, L.P.,
as the Lessor

Signature Illegible By Realty Facility Holdings I, L.L.C.,
----- an Ohio limited liability company

Print Name: Illegible

Richard W. Rubenstein

Print Name: Richard W. Rubenstein Robert F. Gage

Robert F. Gage, President

SUNTRUST BANK,
as the Credit Bank

Adam Marker By: C. A. Black

Print Name: Adam Marker Name: Christopher A. Black

Dawn M. Marker

Title: -----

Print Name: Dawn M. Marker

Consented and agreed to as
of the day and year first
above written:

ADESA CORPORATION,
as the Lessee

Denise L. McAtee W. T. Stackhouse

Print Name: Denise L. McAtee William T. Stackhouse,
----- Chief Financial Officer

Linda Klingensmith

Print Name: Linda Klingensmith

THE STATE OF OHIO)
) ss.
COUNTY OF Franklin)

On this 1 day of April, 2000, before me, a Notary Public in and for said county and state, personally appeared Robert F. Gage, the President of Realty Facility Holdings I, L.L.C., an Ohio limited liability company and the general partner of Asset Holdings III, L.P., an Ohio limited partnership, who acknowledged that with due authorization, he did sign said instrument for and on behalf of Asset Holdings III, L.P., and that the same is his free act and deed individually as such officer, and the free act and deed individually as such officer, and the free act and deed of Asset Holdings III, L.P.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Ezell Hartman Underdown

Notary Public

[NOTARIAL SEAL] EZELL HARTMAND UNDERDOWN,
STATE OF OHIO ATTORNEY AT LAW
 NOTARY PUBLIC STATE OF OHIO
 My commission has no
 expiration date.
 Section 147.03 R.C.

STATE OF INDIANA)
-----) SS.
COUNTY OF MARION)

On this 30th day of March, 2000, before me, a Notary Public in and for said county and state, personally appeared CHRISTOPHER BLACK, the VP AND DIRECTOR of SunTrust Bank, a banking corporation duly organized and validly existing under the laws of the State of Georgia, who acknowledged that with due authorization, he/she did sign said instrument for and on behalf of SunTrust Bank and that the same is his/her free act and deed individually as such officer, and the free act and deed of SunTrust Bank.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

[NOTARY PUBLIC
SEAL
INDIANA]

Dawn M. Marker

Notary Public

Dawn M. Marker

Printed Name

My Commission Expires:

FEBRUARY 28, 2008

County of Residence:

MARION

STATE OF INDIANA)
-----) SS.
COUNTY OF MARION)
-----)

On this ____ day of March, 2000, before me, a Notary Public in and for said county and state, personally appeared William T. Stackhouse, the Chief Financial Officer of ADESA Corporation, an Indiana corporation, who acknowledged that with due authorization, he did sign said instrument for and on behalf of ADESA Corporation and that the same is his free act and deed individually as such officer, and the free act and deed of ADESA Corporation.

IN WITNESS WHEREOF, I have hereunto subscribed my name and affixed my official seal on the day and year aforesaid.

Denise L. McAtee

Notary Public

[DENISE L. MC ATEE
NOTARY
SEAL
STATE OF INDIANA]

DENISE L. MC ATEE
NOTARY PUBLIC STATE OF INDIANA
MARION COUNTY
MY COMMISSION EXP. APR. 9, 2001

LIMITED GUARANTY

Dated as of March 31, 2000

of

MINNESOTA POWER, INC.

Lease Financing
for ADESA Corporation
Auto Auction Facilities

LIMITED GUARANTY

THIS LIMITED GUARANTY, dated as of March 31, 2000 (this "GUARANTY"), is made by MINNESOTA POWER, INC., a Minnesota corporation (the "GUARANTOR"), to SUNTRUST BANK, a banking corporation duly organized and validly existing under the laws of the State of Georgia (the "CREDIT BANK"), and ASSET HOLDINGS III, L.P., an Ohio limited partnership (the "LESSOR"). Capitalized terms used herein and not defined herein shall have the meanings ascribed to them in the Participation Agreement dated as of the date hereof among the Lessor, ADESA Corporation, an Indiana corporation (the "LESSEE"), the Credit Bank and Cornerstone Funding Corporation I, a Delaware corporation (the "ISSUER"), as the same may be amended from time to time (the "PARTICIPATION AGREEMENT").

WITNESSETH:

WHEREAS, as contemplated by the Participation Agreement, the Lease, the Reimbursement Agreement, the Borrower Promissory Note and the other Operative Documents, at the request of the Lessee, (i) the Lessor has agreed to lease the Leased Property to the Lessee and the Lessee has agreed to lease the Leased Property from the Lessor pursuant to the Lease, (ii) the Issuer has agreed to issue and sell its Floating Rate Notes, Series 2000A, in the aggregate principal amount of \$28,373,000 and lend the proceeds from the sale thereof to the Lessor to provide refinancing for certain indebtedness incurred by the Lessor in connection with its acquisition of the Leased Property, (iv) the Lessor has agreed to invest from its own equity resources an amount equal to the Contribution in the principal amount of \$877,515.46, to pay certain costs related to the transactions contemplated by the Operative Documents, (v) the Credit Bank has agreed to issue the Letter of Credit to secure repayment of the Notes upon compliance with the other terms and conditions of the Operative Documents, and (vi) the Lessor has in the Reimbursement Agreement agreed to reimburse the Credit Bank for Drawings under the Letter of Credit and to pay all Letter of Credit Liabilities.

WHEREAS, as security for its obligations under the Reimbursement Agreement, the Lessor has, INTER ALIA, assigned all of its right, title and interest in the Lease to Credit Bank pursuant to the Assignment of Lease and Rents dated of even date herewith; and

WHEREAS, for the purposes of this Guaranty, the term "GUARANTEED OBLIGATIONS" means at any time, subject to the limitations set forth in Section 1 below, any or all of the following, without duplication: (i) payment to the Lessor and the Credit Bank of, and performance of, all of the obligations of the Lessee under the Lease, the Assignment of Lease and Rents and the other Operative Documents, including but not limited to the payment of Rent (the amount of which includes, without limitation or duplication, the amount of all Drawings, all Letter of Credit Fees and all Letter of Credit Liabilities), the payment of the Lease Balance and the payment of the Recourse Deficiency Amount, at the times and in the circumstances under which the payment of such amounts is provided for in the Lease and the other Operative Documents, (iii) the payment and performance of the obligations of the Lessee to pay the applicable purchase price and purchase the Leased Property pursuant to the provisions of ARTICLES XI, XIV and XV of the Lease, and (iv) the payment and performance of all obligations of the Lessee under the Participation Agreement and the

other Operative Documents, all without duplication and in accordance with the respective terms and provisions of the Lease, the Participation Agreement and the other Operative Documents; and

WHEREAS, the Guarantor intends this Guaranty to be an inducement (i) for the Credit Bank to issue the Letter of Credit, which the Credit Bank would be unwilling to do if the Guarantor did not execute and deliver this Guaranty and (ii) for the Lessor to invest the Contribution and enter into the Lease, which the Lessor would be unwilling to do if the Guarantor did not execute and deliver this Guaranty.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound by this Guaranty, the Guarantor hereby agrees to be bound as follows:

1. The Guarantor hereby unconditionally guarantees to the Credit Bank and the Lessor the due and punctual payment and performance of all of the Guaranteed Obligations, and further unconditionally guarantees and agrees with the Credit Bank and the Lessor that all sums due or payable by the Lessee in respect of the Guaranteed Obligations, together with any other sums which may become due and payable by the Lessee pursuant to any Operative Document with respect to the Guaranteed Obligations, but only to the extent provided in the Operative Documents, whether the same shall accrue before or after the filing of a proceeding under the Bankruptcy Code, shall be promptly paid in full (a) when due, whether at stated maturity, or on the Lease Termination Date, or by acceleration or otherwise, in accordance with the provisions of such Guaranteed Obligations and of the Operative Documents or (b) upon the occurrence of an Event of Default hereunder.

Notwithstanding anything to the contrary herein contained, it is expressly understood and agreed that this Guaranty shall not constitute a guaranty of an amount in excess of the Recourse Deficiency Amount in the event that the Lessee shall (A) exercise the Remarketing Option in accordance with the provisions of SECTION 15.6 of the Lease, (B) timely comply with all of the obligations and satisfy all of the conditions set forth in SECTION 15.6 (i) through (xiii) of the Lease, including, without limitation, the timely payment in full of the Recourse Deficiency Amount pursuant to the provisions of SECTION 15.6(x) of the Lease and (C) return and surrender the Leased Property to the Lessor or, if applicable, the independent purchaser thereof, pursuant to, and in compliance with, the provisions of SECTION 15.8 of the Lease.

This Guaranty shall be irrevocable, and in all events shall be continuing, unconditional and absolute, and if for any reason any such sums, or any part thereof, shall not be paid promptly when due, the Guarantor shall pay the same to the Credit Bank to and in accordance with the provisions of the Guaranteed Obligations and the Operative Documents, regardless of any defenses or rights of set-off or counterclaim, regardless of whether the Credit Bank, the Lessor or any successor in interest of either of them, shall have taken any steps to enforce its or their rights against the Lessee, the Lessor or any other Person, to collect such sums, or any part thereof, and regardless of any other condition or contingency. The Guarantor also agrees to pay to the Credit Bank, the Lessor and such successors in interest such further amounts as shall be sufficient to cover the costs and expense of collecting such sums, or part thereof, or of otherwise enforcing this Guaranty, including, in any case, reasonable fees of their respective attorneys for all services rendered in that connection.

If the Guarantor shall be required by Applicable Law to deduct any charges from or in respect of any sum payable hereunder to the Credit Bank, (i) the sum payable by the Guarantor shall be increased as may be necessary so that after making all required deductions (including deductions applicable to additional sums payable under this paragraph) the Credit Bank receives an amount equal to the sum it would have been entitled to receive from the Lessee and the Lessor, as the case may be, under the Operative Documents had no such deductions been made, (ii) the Guarantor shall make such deductions, and (iii) the Guarantor shall pay the full amount deducted to the relevant taxation authority or other authority in accordance with Applicable Law.

The obligations of the Guarantor hereunder shall be unaffected by, and shall remain in full force and effect in the event that, a bankruptcy court or other court of competent jurisdiction shall at any time determine that the transactions represented by the Lease and the other Operative Documents (i) do not constitute true leasing transactions, (ii) shall be treated as a financing or loan transaction or shall otherwise be recharacterized, or (iii) shall in any respect be held to be unenforceable in accordance with their respective terms.

2. The Guarantor hereby unconditionally (a) waives any requirement that the Credit Bank first make demand upon, or seek to enforce remedies against, any other Person or any of the collateral or property of such other Person before demanding payment from, or seeking to enforce this Guaranty against, the Guarantor; (b) covenants that this Guaranty will not be discharged except by complete satisfaction by indefeasible payment in cash in full of all payment obligations of Guarantor contained in the Guaranteed Obligations and in the Operative Documents with respect to the Guaranteed Obligations; (c) agrees that, to the extent permitted by law, this Guaranty shall remain in full effect without regard to, and shall not be affected or impaired by, any invalidity, illegality, irregularity or unenforceability in whole or in part of the Guaranteed Obligations, any other Operative Document (and the Guarantor hereby waives any defense relating to the enforceability of the Operative Documents or any provision contained therein), or any limitation of the liability of the Guarantor thereunder, or any limitation on the method or terms of payment thereunder which may now or hereafter be caused or imposed in any manner whatsoever; (d) waives diligence, presentment and protest with respect to, and any notice of default in, the payment of any amount at any time payable under or in connection with the Guaranteed Obligations or any of the Operative Documents; and (e) agrees that each and every right, power and remedy given under this Guaranty or any other Operative Document shall be cumulative and not exclusive, and be in addition to all other rights, powers and remedies now or hereafter granted or otherwise existing.

3. Notwithstanding any payment or payments made by the Guarantor hereunder or any set-off or application of funds of the Guarantor by the Credit Bank, until all of the Guaranteed Obligations have been indefeasibly paid and performed in full, the Guarantor shall not (a) be entitled to be subrogated to any of the rights of the Credit Bank against the Lessee, the Lessor or any other guarantor or in any collateral security or guaranty or right of offset held by the Credit Bank for the payment of any sums due in respect of the Guaranteed Obligations, or (b) seek any reimbursement or contribution from the Lessee, the Lessor or any other guarantor in respect of any payment, set-off or application of funds made by the Guarantor hereunder.

4. The obligations, undertakings and conditions to be performed or observed by the Guarantor under this Guaranty shall not be affected or impaired by reason of the happening from

time to time of any of the following with respect to the Guaranteed Obligations and the other Operative Documents, all without notice to, or the further consent of, the Guarantor:

(a) the waiver by the Lessor, the Credit Bank or any other Person of the observance or performance by the Guarantor of any of the obligations, undertakings or conditions contained in any of such Guaranteed Obligations or any of the Operative Documents, except to the extent of such waiver;

(b) the waiver by the Lessor, the Credit Bank or any other Person, of the observance or performance by the Lessor or the Lessee of any of the obligations, undertakings or conditions contained in any such Guaranteed Obligations or any of the Operative Documents;

(c) the extension, in whole or in part, of the time for payment of any amount owing or payable under any of the Guaranteed Obligations or any Operative Document or of any other sums or obligations under or arising out of or on account of the Guaranteed Obligations or any Operative Document except to the extent of such extension;

(d) the modification or amendment (whether material or otherwise) of any of the obligations of the Lessor or the Lessee under or with respect to any of the Guaranteed Obligations or any of the Operative Documents, or the modification or amendment (whether material or otherwise) of any of the obligations of the Guarantor under any other Operative Document, except to the extent of such modification or amendment;

(e) the taking or the omission of any of the actions referred to in any Guaranteed Obligation or any other Operative Document (including, without limitation, the giving of any consent referred to therein);

(f) any failure, omission, delay or lack on the part of the Lessor, the Credit Bank, or any other Person to enforce, assert or exercise any right, power or remedy conferred on the Lessor, the Credit Bank or any other Person in any of Operative Documents or with respect to the Guaranteed Obligations or any action on the part of the Lessor, the Credit Bank, or any other Person granting indulgence or extension in any form;

(g) the release or discharge of the Lessor, the Lessee, or any other Person from the performance or observance of any obligation, undertaking or condition to be performed by the Lessor, the Lessee or any such Person under any Guaranteed Obligation or any other Operative Document by operation of law;

(h) the receipt and acceptance by the Lessor, the Credit Bank, or any other Person of notes, checks or other instruments for the payment of money and extensions and renewals thereof;

(i) any payment by the Lessee to the Credit Bank or the Lessor if such payment is held to constitute a preference under the bankruptcy laws, or if for any other reason Credit

Bank or Lessor is required by a court of competent jurisdiction to refund such payment to the Lessor, the Lessee or pay the amount thereof to any other party ;

(j) any action, inaction or election of remedies by the Lessor, the Credit Bank or any other Person which results in any impairment or destruction of any subrogation rights of the Guarantor, or any rights of the Guarantor to proceed against any other Person for reimbursement;

(k) the surrender by the Lessor, the Credit Bank or any other Person of any security at any time held for the performance or observance of any of the agreements, covenants, terms or conditions contained in the Operative Documents or affecting in any respect the Guaranteed Obligations;

(l) any event or circumstance (other than payment) which might otherwise constitute a legal or equitable discharge or defense of a guarantor, indemnitor or surety under the laws of the State of Ohio or any other jurisdiction;

(m) any other circumstances whatsoever (with or without notice to or knowledge of the Guarantor) which constitute, or might be construed to constitute, an equitable or legal discharge of the Guarantor with respect to its obligations hereunder or under the other Operative Documents, in bankruptcy or in any other instance, except based on payment or performance;

(n) any change in circumstances, whether or not foreseen or foreseeable, whether or not imputable to the Guarantor or the Lessor and whether or not such change in circumstances shall or might in any manner and to any extent vary the risk of the Guarantor hereunder; or

(o) any other cause, whether similar or dissimilar to the foregoing;

5. It being the intention of the Guarantor that this Guaranty be absolute and unconditional in any and all circumstances and that this Guaranty shall be discharged only by the indefeasible payment in full of all sums with respect to which this Guaranty relates.

6. Each of the following shall constitute an event of default ("EVENT OF DEFAULT"), whatever the reason for such event and whether it shall be voluntary or involuntary or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or non-governmental body:

(a) An Event of Default as defined in ARTICLE XIII of the Lease.

(b) Any default by the Guarantor in the payment of any amount due hereunder which shall remain unremedied for five days after written notice to the Guarantor.

(c) Any representation or warranty made by the Guarantor under this Guaranty or any other agreement, report, certificate, financial statement or other instrument referred to herein and furnished to the Credit Bank in connection herewith shall prove incorrect or misleading in any material respect when made and shall remain unremedied for five days after written notice to the Guarantor.

(d) The Guarantor shall default in the performance or observance of any agreement or covenant contained in this Guaranty (other than a covenant or agreement or default in the performance or observance of which is elsewhere in this Section 6 specifically addressed) and such default shall continue for a period of 10 days after written notice to the Guarantor.

(e) The filing by the Guarantor of a petition for the appointment of a trustee with respect to itself or any of its property.

(f) The making by the Guarantor of an assignment for the benefit of creditors.

(g) The commencement by the Guarantor of a case in bankruptcy or insolvency or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors.

(h) The failure of the Guarantor to obtain the dismissal, within 60 days after service upon the Guarantor of any case commenced against the Guarantor (i) for the appointment of a trustee for the Guarantor, of any of its property or (ii) in bankruptcy or insolvency or for compromise, adjustment or other relief under the laws of the United States or of any state relating to the relief of debtors.

(i) The failure of the Guarantor to generally pay its debts as such debts become due.

(j) The making, or the attempted making, by the Guarantor of a fraudulent conveyance within the meaning of the Uniform Fraudulent Conveyances Act.

(k) Any "Event of Default" (as defined in any such other Operative Document) under any of the Lease or any other Operative Document (after the expiration of all applicable cure and notice periods) and such "Event of Default" shall continue for a period of ten (10) days after the Guarantor's receipt of written notice thereof from the Credit Bank or the Lessor.

7. Notice of acceptance of this Guaranty and notice of the execution and delivery of any other instrument referred to in this Guaranty, are hereby waived by the Guarantor.

8. (a) If any Event of Default (other than an Event of Default specified above in Section 6(e) through (h) hereof inclusive) shall have occurred and be continuing, the Credit Bank may, in its sole discretion (i) require the Trustee to draw upon the full amount of the Letter of Credit then available to be drawn as provided in the Letter of

Credit and the Indenture, (ii) declare all obligations of the Guarantor under this Guaranty to be immediately due and payable, whereupon all such obligations shall become immediately due and payable, and (iii) proceed first and directly against the Guarantor under this Guaranty without proceeding first or concurrently against the Lessee, the Lessor or any other guarantor, without exhausting any other remedies it may have (including, without limitation, any remedies under the Reimbursement Agreement or the other Operative Documents) or without resorting to any other security held by the Credit Bank.

(b) If any Event of Default specified above in Section 6(e) through (h) hereof inclusive shall occur (i) all obligations of the Guarantor under this Guaranty shall immediately and automatically become due and payable, without notice of any kind, all of which are hereby expressly waived, and (ii) the Credit Bank may, in its sole discretion, (A) require the Trustee to draw upon the full amount of the Letter of Credit then available to be drawn as provided in the Letter of Credit and the Indenture, and (B) proceed first and directly against the Guarantor under this Guaranty without proceeding first or concurrently against the Lessee, the Lessor or any other guarantor, without exhausting any other remedies it may have (including, without limitation, any remedies under the Reimbursement Agreement or other Operative Documents) or without resorting to any other security held by the Credit Bank.

9. In the event any payment by the Lessee, the Lessor or the Guarantor to the Credit Bank or the Lessor, as the case may be, is held to constitute a preference under the bankruptcy laws, or if for any other reason the Credit Bank or the Lessor, as the case may be, is required to refund by a court of competent jurisdiction any such payment or pay the amount thereof to any other Person, such payment to the Credit Bank or the Lessor, as the case may be, shall not constitute or effect a release of Guarantor from any liability hereunder, but this Guaranty shall continue to be effective or shall be reinstated, as the case may be, to the extent of any such payment, as though such payment had not been made in the first instance, and Guarantor agrees to pay an amount equal to such payment to the Credit Bank or the Lessor, as the case may be. The provisions of this paragraph shall survive the termination of this Guaranty.

10. The Guarantor does hereby represent and warrant that:

(a) It is a corporation duly organized, existing and in good standing under the laws of the jurisdiction of its organization; it has corporate power to enter into and perform all agreements on its part herein contained; the execution, delivery and performance by Guarantor of this Guaranty has been authorized by all necessary and proper corporate action; the execution and delivery by Guarantor of this Guaranty does not, and its performance of the agreements herein contained will not, contravene or constitute a default under any agreement, indenture, commitment, provision of its organizational documents, or Requirements of Law to which it is a party or by which it is or may be bound, the failure of which could reasonably be expected to have a material adverse effect on the performance of its obligations hereunder.

(b) This Guaranty is a valid, legal and binding obligation of the Guarantor, subject only to certain exceptions in the event of bankruptcy and the application of general principles of equity.

(c) The waivers, representations, warranties, covenants, and agreements contained in this paragraph and this Guaranty are for the benefit of and may be enforced by the Credit Bank and the Lessor and their respective successors and assigns.

(d) The Guarantor has such knowledge of the business and financial affairs of the Lessee as the Guarantor deems necessary to evaluate the risks of executing and delivering this Guaranty to the Credit Bank and the Lessor, and is capable of evaluating such risks by reason of the Guarantor's knowledge and experience. All information has been made available to the Guarantor by the Lessee which is necessary for the evaluation of such risks. The Guarantor has consulted with and received advice from legal counsel and financial advisers with respect to such risks and the Guarantor has not relied, and shall not rely in the future, upon the Lessor or the Credit Bank to conduct any investigation of the Lessee's financial condition or business prospects or to notify the Guarantor now or in the future of any adverse information with respect thereto which could increase the Guarantor's risk under this Guaranty.

11. The Guarantor agrees to repay, to the extent included within the Guaranteed Obligations, all monies, including but not limited to reasonable attorneys' fees, paid by the Lessor in defense of any action asserted against the Lessor by the Lessee, as a debtor-in-possession, or by a trustee in bankruptcy in a proceeding brought under 11 U.S.C. Section 547 of the Bankruptcy Code for the recovery of monies received by the Lessor from the Lessee as a result of the Guarantor's obligations hereunder. The Guarantor further agrees to repay any monies paid by the Lessor in settlement of any such action or in satisfaction of any judgment rendered against the Lessor in such an action.

12. The Guarantor hereby subordinates any and all claims which it now has, or in the future may acquire, as a creditor of any of the Lessee or Lessor, to the prior payment and satisfaction in full of this Guaranty. If, prior to the payment and satisfaction of this Guaranty, the Guarantor would, without reference to the provisions of this Section 12, be entitled to receive any payment on account of any claim of the Guarantor against the Lessee or any of its Subsidiaries, or the Lessor, all such payments shall be made instead to the Credit Bank until the Guaranteed Obligations have been paid and satisfied in full, and the Guarantor hereby so directs. If the Guarantor receives any payment on account of any claim of the Guarantor against the Lessee or any of its Subsidiaries, or the Lessor, the Guarantor shall immediately pay the same over to the Credit Bank to be applied to the payment or satisfaction of the Guaranteed Obligations, if any. Notwithstanding the foregoing, unless an "Event of Default" (as defined in the Participation Agreement) has occurred, and has not been either waived or acknowledged to have been cured in writing by the Credit Bank, the Guarantor may receive and retain payments from the Lessee or any of its Subsidiaries on account of any claim of the Guarantor against the Lessee or any such Subsidiary.

13. This Guaranty shall remain in full force and effect until payment in full of all sums payable under and in respect of the Guaranteed Obligations, and all Operative Documents with respect to the Guaranteed Obligations by the Guarantor hereunder and the performance in full of all obligations of the Guarantor in accordance with the provisions of this Guaranty. This Guaranty is a guaranty of payment and not of collection merely.

14. In case any provision of this Guaranty or any application thereof shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions and any other application thereof shall not in any way be affected or impaired thereby.

15. TIME IS OF THE ESSENCE IN THIS GUARANTY AND THE TERMS HEREIN SHALL BE SO CONSTRUED. This Guaranty shall be binding upon the Guarantor and its successors and shall inure to the benefit of, and be enforceable by, the Credit Bank and its successors and assigns as to the obligations respectively owed and guaranteed hereunder. This Guaranty may not be changed, waived, discharged or terminated orally, but only by a statement in writing signed by the Guarantor and the Credit Bank, in compliance with the requirements set forth in the Participation Agreement. This Guaranty may be enforced as to any one or more defaults either separately or cumulatively. THIS GUARANTY SHALL IN ALL RESPECTS BE GOVERNED BY, AND CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF GEORGIA.

16. All notices, demands, requests, consents approvals and other instruments hereunder shall be given in the manner and at the appropriate address set forth in the Participation Agreement or at such other address as such party shall designate by notice to each of the other parties hereto.

17. This Guaranty is made by the Guarantor solely to the Credit Bank and the Lessor and their respective successors and assigns, and may not be relied upon by any other person, firm, corporation or entity.

18. The Guarantor waives any and all notice of the creation, renewal, extension or accrual of any of the amounts which the Guarantor is obligated to pay hereunder and notice of or proof of reliance by the Credit Bank upon this Guaranty or acceptance of this Guaranty. The indebtedness evidenced by the Guaranteed Obligations shall conclusively be deemed to have been created, contracted, incurred, renewed, extended, amended or waived in reliance upon this Guaranty, and all dealings between the Guarantor and the Credit Bank shall likewise be conclusively presumed to have been had or consummated in reliance upon this Guaranty.

19. Notwithstanding anything to the contrary herein or in any other Operative Document, any payment by the Guarantor to the Lessor or the Credit Bank pursuant to any other Operative Document shall discharge dollar-for-dollar the related obligations of the Guarantor to the Credit Bank hereunder, and any payment by the Guarantor to the Credit Bank shall discharge dollar-for-dollar the related obligations of the Guarantor to the Lessor or the Credit Bank under any other Operative Document.

20. The Guarantor hereby irrevocably and unconditionally (i) submits for itself and its property in any legal action or proceeding relating to this Guaranty or any other Operative

Document, or for recognition and enforcement of any judgment in respect thereof, to the non-exclusive general jurisdiction of the courts of the State of Georgia, the courts of the United States of America for the Northern District of Georgia and appellate courts from any thereof, (ii) consents that any such action or proceedings may be brought to such courts, and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same, (iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such party at its address set forth in SECTION 8.2 of the Participation Agreement or at such other address of which the other parties hereto shall have been notified pursuant to SECTION 8.2 of the Participation Agreement and (iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law. The Guarantor, to the extent permitted by law, hereby irrevocably and unconditionally waives any right to have a jury participate in resolving any dispute, whether sounding in contract, tort, or otherwise, among or between the parties hereto arising out of, in connection with, related to, or incidental to the relationship established among the parties in connection with this Guaranty, any other Operative Document or any other document executed or delivered in connection herewith or the transactions related hereto. This waiver shall not in any way affect, waive, limit, amend or modify the Guarantor's ability to pursue any remedies contained in this Guaranty, the other Operative Documents or any other agreement or document related hereto.

21. The Guarantor acknowledges that (i) Lessor has assigned its rights under this Guaranty to the Credit Bank pursuant to the Assignment of Lease and Rents, and the Lessor and the Credit Bank, by their respective acceptances of this Guaranty, direct the Guarantor to make payments directly to the Credit Bank of amounts which at any time may become due to the Lessor hereunder and (ii) pursuant to the Assignment of Lease and Rents, the power to enforce the Lessor's rights hereunder has been irrevocably granted to the Credit Bank pursuant to the power of attorney set forth in SECTION 3 of the Assignment of Lease and Rents.

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IN WITNESS WHEREOF, the Guarantor has caused this Limited Guaranty to be duly executed as of the day and year first above written.

MINNESOTA POWER, INC.

By: D. G. Gartzke

Its:

THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM MINNESOTA POWER'S CONSOLIDATED BALANCE SHEET, STATEMENT OF INCOME, AND STATEMENT OF CASH FLOW FOR THE PERIOD ENDED MARCH 31, 2000, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

1,000,000

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	JAN-01-2000	
	MAR-31-2000	
		174
		181
		270
		14
		26
	744	
		1,277
	935	
	2,534	
587		709
85		
		12
		560
		285
2,534		
		0
	323	
		0
		254
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		0
	16	
		52
		20
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		.43