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RECORDATION NO. 8457-P Filed & Recorded

JAN 3 1978 4 30 PM

INTERSTATE COMMERCE COMMISSION

December 30, 1977

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of Itel Corporation, Rail Division, and First Security Bank of Utah, National Association, for filing and recordation five counterparts of the following document:

Amendment Agreement and Assumption dated as of December 15, 1977, between Itel Corporation and First Security Bank of Utah, National Association.

The names and addresses of the parties to the aforementioned document are as follows:

(1) Lessee:

Itel Corporation
Rail Division
Two Embarcadero Center
San Francisco, California 94111.

(2) Trustee-Lessor

First Security Bank of Utah,
National Association
79 South Main Street
Salt Lake City, Utah 84111.

Date JAN 3 1978
Fee $ 10.-
ICC Washington, D. C.

Counterpart Edward Stiller

The Amendment Agreement and Assumption amends certain provisions of an Equipment Trust Agreement dated as of July 15, 1976 which has been supplemented and amended by a Supplement dated as of November 15, 1976, and an Amendment dated as of November 15, 1976, each being between SSI Rail Corp. and the Trustee-Lessor and provides for the assumption by the Lessee of the obligations of SSI Rail Corp. under the Equipment Trust Agreement. The aforementioned Equipment Trust Agreement, Supplement and Amendment were filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on August 27, 1976, November 30, 1976, and November 30, 1976, respectively, at 1:30 P.M., 3:25 P.M. and 3:25 P.M., respectively, and assigned recordation numbers 8457, 8457-C and 8457-D, respectively.

SSI Rail Corp. is being merged into the Lessee as of December 30, 1977.

The Amendment Agreement and Assumption also provides for the assumption by the Lessee of the obligations of SSI Rail Corp. under certain Lease Agreements and Assignments of Lease more particularly described in Exhibit A attached hereto. The aforementioned Leases and Assignments of Lease were filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on the dates, and received the recordation numbers, as are set forth in respect thereof in said Exhibit A.

Please file and record the Amendment Agreement and Assumption submitted with this letter and cross index said document under the names of the Lessee, the Trustee-Lessor, SSI Rail Corp. and the railroad companies listed on Exhibit A attached hereto.

The equipment covered by the document hereby submitted for recordation consists of the following:

Three hundred sixty (360) 50'6" Boxcars, AAR Mechanical Designation XM, bearing Road Numbers PRV 1000-1049, both inclusive, SJL 8000-8049, both inclusive, MDW 9000-9099, both inclusive, GRW 8000-8049, both inclusive, SERA 4000-4049, both inclusive, LEF 1040-1049, both inclusive, and ELS 9000-9049, both inclusive.

There is also enclosed a check for $10 payable to the Interstate Commerce Commission representing the fee for recording the Amendment Agreement and Assumption pursuant to 49 CFR 1116.1.

Please stamp all five counterparts of the enclosed document and the three attached copies of this transmittal letter with your official recording stamp. You will wish to retain two copies of the instrument and the original of this transmittal letter for your files. It is requested that the four remaining counterparts of the document and the three copies of this transmittal letter be delivered to the bearer of this letter.

Very truly yours,

William R. Giusti

Office of the Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423

Encls.

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BY HAND

Exhibit A

Lessee Under Lease	Date of Lease	Date of Lease Assignment	Date of Filing of Lease With ICC	ICC Recordation Number for Lease	Date of Filing of Lease Assignment With ICC	ICC Recordation Number for Lease Assignment
Pearl River Valley Railroad Company	3/24/76	8/24/76	8/27/76	8457-A	8/27/76	8457-A
St. Johnsbury & Lamoille County Railroad	12/30/75	8/24/76	8/27/76	8457-B	8/27/76	8457-B
Greenville & Northern Railway Company	8/6/76	11/29/76	11/30/76	8457-E	11/30/76	8457-E
Minnesota, Dakota & Western Railway Company	6/22/76	11/29/76	11/30/76	8457-F	11/30/76	8457-F
Sierra Railroad Company	9/1/75	1/1/77	1/13/77	8457-G	1/13/77	8457-G
Escanaba & Lake Superior Railroad Company	12/22/76	2/11/77	1/10/77	8653	2/10/77	8653-A
Lake Erie, Franklin & Clarion Railroad Company	1/3/77	2/11/77	1/21/77	8668	2/10/77	8668-A

RECORDATION NO. 8457 Filed & Recorded

JAN 3 1978 -4 30 PM

INTERSTATE COMMERCE COMMISSION

Amendment Agreement and Assumption (hereinafter called this Amendment) dated as of December 15, 1977, between ITEL CORPORATION, a Delaware corporation (hereinafter called ITEL), acting through its Rail Division, and FIRST SECURITY BANK OF UTAH, National Association, as trustee (hereinafter called the Trustee).

WHEREAS SSI Rail Corp. (hereinafter called SSI) and the Trustee have heretofore entered into an Equipment Trust Agreement (hereinafter called the Original Agreement) dated as of July 15, 1976, which has been supplemented and amended by a Supplement (hereinafter called the Supplement) dated as of November 15, 1976, and an Amendment (hereinafter called the First Amendment) dated as of November 15, 1977, each being between SSI and the Trustee (the Original Agreement, as supplemented and amended by the Supplement and the First Amendment, being hereinafter called the Agreement), pursuant to which SSI Rail Corp. 10-3/4% Equipment Trust Certificates, Series 1 (hereinafter called the Trust Certificates), have been issued;

WHEREAS, pursuant to a Purchase Agreement (hereinafter called the Purchase Agreement) dated as of July 15,

1976, among SSI, ITEL and the purchasers listed in Annex I thereto (hereinafter called the Purchasers), the Purchasers have severally purchased one or more Trust Certificates in the aggregate principal amount as provided in the Purchase Agreement;

WHEREAS SSI has executed and delivered a guarantee on each of the outstanding Trust Certificates pursuant to which SSI has guaranteed unconditionally to the registered holder of such Trust Certificate the prompt payment when due of the principal of, any prepayment premium payable on, and the interest on such Trust Certificate, all in accordance with the terms of such Trust Certificate and the Agreement;

WHEREAS SSI is leasing from the Trustee, pursuant to the Agreement, certain units of railroad equipment described in Schedule A of the Agreement (hereinafter called the Trust Equipment) and is obligated under the Agreement to pay to the Trustee certain rentals therefor and to perform and observe certain terms, covenants and conditions thereof;

WHEREAS SSI has entered into certain leases, more particularly described in Exhibit A attached hereto (hereinafter called the Leases), pursuant to which SSI is subleasing the units of Trust Equipment to certain short-line railroads;

WHEREAS SSI has entered into certain Assignments of Lease, more particularly described in Exhibit A attached

hereto (hereinafter called the Lease Assignments), pursuant to which SSI has given and assigned to the Trustee, as security for the obligations of SSI under the Agreement, a security interest in all rents, moneys and proceeds due or to become due with respect to the Trust Equipment under the Leases;

WHEREAS ITEL has entered into an agreement dated as of July 15, 1976, entitled ITEL Debt Servicing Agreement, as amended by an Amendment dated as of November 15, 1976 (hereinafter called collectively the Debt Servicing Agreement), for the benefit of the Trustee and the Purchasers;

WHEREAS ITEL intends to merge SSI into itself pursuant to a Certificate of Ownership and Merger dated as of December 15, 1977 (hereinafter called the Plan) (the effective time of such merger pursuant to the Plan being hereinafter called the Effective Time of Merger);

WHEREAS certain restrictions contained in Section 7.09 of the Agreement and Section 9 of the Debt Servicing Agreement have been waived by the Purchasers, subject to the execution, acknowledgment and delivery of this Amendment by ITEL, so as to permit SSI to be merged into ITEL;

WHEREAS the parties hereto desire by this Amendment to amend and supplement certain provisions of the Agreement and to provide for the assumption by ITEL of

the due and punctual performance and observance of all the terms, covenants and conditions of and the due and punctual payment of all amounts payable under (a) the Purchase Agreement, (b) the Agreement as amended and supplemented as provided in this Amendment, (c) the guarantee attached to each of the outstanding Trust Certificates, (d) the Leases and (e) the Lease Assignments (such agreements and instruments being hereinafter called collectively the Operative Agreements) in like manner as if ITEL were named therein in lieu of SSI;

WHEREAS all requirements of law and of the Certificate of Incorporation and By-laws of ITEL and of the Agreement have been complied with and all things necessary to make this Amendment a valid and binding agreement have been done and performed; and

WHEREAS the Original Agreement, the Supplement and the First Amendment were filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on August 27, 1976, November 30, 1976, and November 30, 1976, respectively, at 1:30 p.m., 3:25 p.m. and 3:25 p.m., respectively, and assigned recordation numbers 8457, 8457-C and 8457-D, respectively, and the Leases and the Lease Assignments were similarly filed and recorded on the dates, and received the recordation numbers, as are set forth in Exhibit A hereto;

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration the receipt of which is hereby acknowledged, the parties hereto hereby agree as follows:

1. This Amendment shall not become effective until, and shall be effective forthwith upon, the Effective Time of Merger.

2. ITEL hereby assumes from and after the Effective Time of Merger the due and punctual performance and observance of all of the terms, convenants and agreements of and the due and punctual payment of all amounts payable under the Operative Agreements in like manner as if named therein in lieu of SSI.

3. Section 1.01 of the Agreement is hereby amended by restating such section in its entirety to read as follows:

"SECTION 1.01. Definitions. The following terms (except as otherwise expressly provided or unless the context otherwise requires) for all purposes of this Agreement shall have the respective meanings hereinafter specified:

> Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, control (including controlled by and under control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the manage-

ment and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

Capitalized Lease shall mean any lease of real or personal property which is required to be capitalized under generally accepted accounting principles as to which ITEL or a Restricted Subsidiary is the lessee.

Capitalized Lease Rentals shall mean all rentals in respect of Capitalized Leases discounted in respect of each Capitalized Lease in accordance with generally accepted accounting principles.

Cash Flow shall mean for the specified period as to which the term is used the sum of (i) Consolidated Net Income for such period before provision for United States and any other income taxes plus (ii) depreciation and all other noncash items deducted from revenues in the computation of such Consolidated Net Income, including amortization of debt discount and goodwill, minus the sum of (y) United States and any other taxes actually paid during such period plus (z) noncash items which were added to revenues in the computation of such Consolidated Net Income, including residual values and deferred income items, all as determined in accordance with generally accepted accounting principles.

Consolidated shall mean, with respect to the accounting item being described, such accounting item of ITEL and its Restricted Subsidiaries, as consolidated in accordance with generally accepted accounting principles including the elimination of intercompany items and transactions and after appropriate adjustment for any minority interests.

Consolidated Balance Sheet shall mean the consolidated balance sheet of ITEL as of the fiscal quarter ended September 30, 1977, delivered to the Purchasers pursuant to Paragraph 4 of the Purchase Agreement.

Consolidated Earnings Available for Interest Coverage shall mean for any period the sum of (i) Consolidated Net Income for such period plus (ii) state, Federal and local taxes measured by income and excess profits taxes which were deducted in the

computation of Consolidated Net Income for such period and (iii) Consolidated Interest Expense for such period.

Consolidated Interest Expense shall mean for any period interest paid or accrued and unpaid during such period on all Consolidated Debt (excluding Capitalized Leases), including amortization of debt discount and expense, plus one-third of rentals paid or accrued and unpaid during such period under each Capitalized and Noncapitalized Lease.

Corporate Trust Office shall mean the principal office of the Trustee in the State of Utah, city of Salt Lake City, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division.

Cost, when used with respect to a unit of Equipment, shall mean the actual cost thereof including delivery charges and taxes as set forth in the invoice of the Owner thereof.

Debt or Indebtedness shall mean (i) all indebtedness of ITEL or any Restricted Subsidiary for the repayment of borrowed money whether or not represented by bonds, debentures, notes or other securities, (ii) all Capitalized Lease Rentals, (iii) all indebtedness secured by any mortgage, pledge or lien existing on property or interests owned or held by ITEL or any Restricted Subsidiary (excluding any indebtedness secured and incurred as provided in Section 7.02(f) for the satisfaction of which the sole recourse of the obligee is the equipment and the proceeds therefrom by which such indebtedness is so secured) whether or not the indebtedness secured thereby shall have been assumed or guaranteed by ITEL or any Restricted Subsidiary and (iv) all indebtedness for borrowed money to the extent guaranteed by ITEL or a Restricted Subsidiary and appearing as a contingent liability in the notes to such guaranteeing corporation's financial statements under generally accepted accounting principles.

Any indebtedness of ITEL and its Restricted Subsidiaries shall not be included in the computation of "Debt" or "Indebtedness" during such period upon or prior to the stated maturity or scheduled date for the payment thereof as, in compliance with the instrument creating or representing such indebtedness, there is on deposit irrevocably in trust with the proper depositary funds or other assets for the payment or satisfaction of such indebtedness; provided, however, that such funds or assets shall not be treated while so deposited as assets of the obligor for the purpose of determining compliance with any of the covenants and agreements contained in this Agreement.

Deferred Taxes shall mean (i) all deferred taxes in an amount that would appear on a balance sheet prepared in accordance with generally accepted accounting principles and (ii) all taxes appearing as a liability on such balance sheet, to the extent not otherwise included in (i), to the extent they are not due and payable within one year.

Deposited Cash shall mean the aggregate of (i) the proceeds from the sale of the Trust Certificates deposited with the Trustee pursuant to Section 2.01 hereof and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 9.04, and (ii) any sums restored to Deposited Cash from rentals pursuant to Section 4.04(B)(1) and on deposit with the Trustee.

Effective Time of Merger shall mean the time as of which SSI Rail Corp. shall be merged into ITEL and ITEL shall assume the due and punctual performance and observance of all the terms, covenants and conditions of and the due and punctual payment of all amounts payable under (i) the Purchase Agreement, (ii) this Agreement, (iii) the guarantee attached to each of the then outstanding Trust Certificates, (iv) the Leases and (v) the Lease Assignments, as if named therein in lieu of SSI Rail Corp.

Equipment shall mean standard-gauge, general purpose boxcars, first put into use on or after January 1, 1976.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

Funded Debt shall mean all Indebtedness which would in accordance with generally accepted accounting principles be classified as funded debt but in any event including all Indebtedness maturing by its terms more than one year after, or which is renewable or the maturity of which is extendable at the option of the obligor pursuant to the terms thereof for a period ending one year or more after, the date as of which Funded Debt is being determined, plus all Indebtedness maturing by its terms less than one year after such date of determination if such Indebtedness was specifically incurred to finance the acquisition or holding of Gross Property.

Generally accepted accounting principles shall mean generally accepted accounting principles in effect at the Effective Time of Merger except where such principles are inconsistent with the requirements of this Agreement.

Gross Property shall mean property which is owned by ITEL and is being leased or held for lease or sale.

The word holder or holders, when used with respect to Trust Certificates, shall include the plural as well as the singular number and shall mean the person in whose name such Trust Certificate is registered.

Investments shall mean (i) certificates of deposit of commercial banks incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than $50,000,000, (ii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest thereon and principal thereof, in each case maturing within one year after the date of investment therein, or (iii) any repurchase agreements in respect of (i) and (ii).

ITEL or SSI shall mean Itel Corporation, a Delaware corporation, as successor in interest to SSI Rail Corp. under this Agreement, and its successor or successors complying with the provisions of Section 7.04.

Lease shall mean a lease agreement in substantially the form annexed hereto as Schedule D covering Equipment.

Lease Assignment shall mean an assignment of a Lease or other lease authorized pursuant to Section 4.09 hereof to the Trustee in substantially the form annexed hereto as Schedule E executed by SSI Rail Corp. or ITEL.

Net Income shall mean net income (or loss) determined in accordance with generally accepted accounting principles.

Net Tangible Assets shall mean all assets which, in accordance with generally accepted accounting principles, would appear on the asset side of a balance sheet (including leased property to which Capitalized Lease Rentals are attributed, but excluding intangible assets and unamortized debt discount and expense) minus the sum of (i) all reserves and deductions, including those for depreciation, depletion, amortization, bad debt losses, Deferred Taxes and minority interests, and (ii) all liabilities which, under generally accepted accounting principles, would appear on the liability side of a balance sheet.

Noncapitalized Lease shall mean any lease of real or personal property, other than Capitalized Leases, under which ITEL or a Restricted Subsidiary is the lessee.

Officer's Certificate shall mean a certificate signed by the President or a Vice President of ITEL or of ITEL's Transportation Services Group or Rail Division.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel satisfactory to the Trustee and who may be counsel for ITEL. The acceptance by the Trustee of, together with its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Owner shall mean the manufacturer or owner of the Equipment transferring title thereto to the Trustee.

Purchase Agreement shall mean the agreement dated as of July 15, 1976, among SSI Rail Corp., Itel Corporation and the purchasers named in Annex I thereto.

Purchasers shall mean the purchasers named in Annex I to the Purchase Agreement.

Request shall mean a written request for the action therein specified, delivered to the Trustee, dated not more than ten days prior to the date of delivery thereof to the Trustee and signed on behalf of ITEL by the President or a Vice President of ITEL or of ITEL's Transportation Services Group or Rail Division.

Restricted Investment shall mean (i) any investment in any property whatsoever of, or (ii) any purchase of any stock or other securities or evidences of indebtedness of, or (iii) any capital contributions, loans or advances to, or (iv) any assumption of liability in respect of any indebtedness of, any other person, firm or corporation made by ITEL or any Restricted Subsidiary except (A) investments in direct obligations of the United States Government or any agency thereof or in obligations guaranteed by the full faith and credit of the United States Government, in each case maturing within one year after the date of investment therein, (B) certificates of deposit of, or time deposits with, the Trustee and/or any commercial banks in the United States having a capital and surplus aggregating at least $100,000,000, in each case maturing within one year after the date of investment therein, (C) any investments set forth in clauses (i) through (iv) above if made in a Restricted Subsidiary and (D) open market commercial paper rated A-1 (or the then equivalent grade) by Standard and Poor's Corporation or prime-1 (or the then equivalent grade) or better by NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc., or the successor of either of them.

Restricted Subsidiary shall mean any Subsidiary which is not at the time an Unrestricted Subsidiary.

Senior Debt shall mean all Debt which is not Subordinated Debt.

Stockholders' Equity shall mean as to any corporation at any time the total of its capital stock, surplus and retained earnings accounts, all as determined in accordance with generally accepted accounting principles.

Subordinated Debt shall mean all Indebtedness which provides for subordination to Senior Debt

(including the Trust Certificates) pursuant to provisions substantially equivalent to the subordination provisions contained in ITEL's Indenture dated as of March 1, 1970, relating to its 7% Convertible Subordinated Debentures due March 1, 1995, a copy of which Indenture is on file with the Trustee at the Corporate Trust Office.

Subsidiary shall mean a corporation of which ITEL owns, directly or indirectly, at least a majority of the outstanding voting stock.

The term "Subsidiary" shall also include a corporation of which ITEL and/or a Subsidiary, as defined above, own, directly or indirectly, at least a majority of the outstanding voting stock.

Trust Certificates shall include the singular as well as the plural number and shall mean SSI Rail Corp. 10-3/4% 15 Year Equipment Trust Certificates, Series 1, issued hereunder.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean First Security Bank of Utah, National Association, and, subject to the provisions of Article Nine, any successor as trustee hereunder.

Unrestricted Subsidiary shall mean any Subsidiary which has been designated by ITEL as an Unrestricted Subsidiary, unless and until such Subsidiary shall be designated by ITEL as a Restricted Subsidiary. ITEL may not designate a Subsidiary as an Unrestricted Subsidiary unless, immediately after giving effect thereto, such Subsidiary (i) does not own any capital stock or property of a Restricted Subsidiary, (ii) is not then the mortgagee under any mortgage covering property owned by a Restricted Subsidiary and (iii) ITEL would then be able to incur at least $1.00 of additional Senior Debt without thereby being in default under the provisions of Section 7.01. ITEL may not designate an Unrestricted Subsidiary as a Restricted Subsidiary if such Subsidiary had at any time been a Restricted Subsidiary unless ITEL would have been in compliance with all of the covenants and agreements hereof at all times during the period such Subsidiary was

an Unrestricted Subsidiary if such Subsidiary had been a Restricted Subsidiary during such period. Any designation of a Subsidiary as an Unrestricted Subsidiary or a Restricted Subsidiary shall be made by an Officer's Certificate filed with the Trustee at the Corporate Trust Office.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof; and all references to numbered Articles, Sections, paragraphs and subdivisions, unless the context otherwise requires or unless the references thereto specify another agreement, refer to such Articles, Sections, paragraphs and subdivisions of this Agreement.

4. Section 5.01 of the Agreement is hereby amended by restating the first and second paragraphs thereof in their entireties to read as follows:

"SECTION 5.01. Events of Default. ITEL covenants and agrees that in case:

(a) ITEL shall default in the payment of any part of the rental payable hereunder (including advance rental) or any amount payable pursuant to its guarantee of the Trust Certificates for more than five days after the same shall become due and payable; or

(b) ITEL shall suffer any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided

in subparagraph (1) of the last paragraph of Section 4.06), of such Trust Equipment (any sum so deposited to be returned to ITEL upon the cancelation of such assignment, transfer or lease and the recovery of possession by ITEL of such Trust Equipment); or

(c) ITEL shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof, of the Purchase Agreement or of any Lease Assignment on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance; or

(d) ITEL or any Subsidiary shall default in any payment of any Indebtedness (for purposes of this Section 5.01(d), there shall be included in the computation of Indebtedness any indebtedness of an Unrestricted Subsidiary similar to the indebtedness included in the computation of Indebtedness under Section 1.01) or any rentals or other obligations payable under any agreement described in Section 7.02(f) (or any similar agreement in the case of an Unrestricted Subsidiary) (other than the Trust Certificates) beyond any period of grace provided with respect thereto, or shall default in the performance of any other agreement, term or condition contained in any agreement under which any such obligation is created, and (i) the effect of such default, if it occurs prior to the stated maturity or scheduled date for the payment thereof, is to cause, or to permit the holder or holders of such obligation (or a trustee on behalf of such holder or holders) to cause, (a) Indebtedness, such rentals or other obligations to become due prior to the stated maturity or scheduled date for the payment thereof or (b) such agreement to be terminated; (ii) the aggregate principal amount of (a) Indebtedness, rentals and other obligations with respect to the payment of which ITEL or any Subsidiary is so in default and (b) Indebtedness, rentals and other obligations which are or may then be so accelerated exceeds 10% of the aggregate principal amount of all Consolidated Funded Debt at the time outstanding and (iii) such default is not cured within 30 days after such event would, but for this clause (iii), constitute an Event of Default hereunder; or

(e) any material representation or warranty made by SSI Rail Corp. or ITEL herein or in any writing

furnished in connection with or pursuant to this Agreement or the Purchase Agreement shall be false in any material respect as of the date as of which made; or

(f) a decree or order shall have been entered by a court of competent jurisdiction adjudging ITEL a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of ITEL under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of ITEL (and such decree or order shall not have been discharged, stayed or otherwise rendered ineffective within 60 days after such entry); or

(g) ITEL shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by ITEL in furtherance of any of the aforesaid purposes;

then, in any such case (herein sometimes called an Event of Default), the Trustee in its discretion may, and upon the written request of the holders of (y) a majority, if such request is made with respect to an Event of Default other than an Event of Default under subparagraph (a) or (d) of this first paragraph of this Section 5.01, or (z) 25%, if such request is made with respect to an Event of Default under said subparagraph (a) or (d), in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to ITEL, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such declaration) payable by ITEL, as set forth in Section 4.04 and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable

immediately without further demand, together with interest at the rate of 11-3/4% per annum, to the extent legally enforceable, on any portion thereof overdue.

In case any one or more Events of Default shall happen, the Trustee in its discretion also may, and upon the written request of the holders of such percentage in aggregate unpaid principal amount of the then outstanding Trust Certificates the written request of which would require the Trustee to accelerate rentals under the next preceding paragraph of this Section 5.01 as a result of the occurrence of such Event of Default shall, by notice in writing delivered to ITEL, declare the unpaid principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable."

5. Section 5.02 of the Agreement is hereby amended by deleting therefrom the proviso to the first sentence thereof in its entirety.

6. Section 6.05 of the Agreement is hereby deleted therefrom in its entirety.

7. Article Seven of the Agreement is hereby amended by restating such Article in its entirety to read as follows:

"ARTICLE SEVEN

Negative Covenants

ITEL covenants and agrees that from the date hereof and until payment in full of the principal of and the premium, if any, and the interest on the Trust Certificates, unless holders of not less than 66-2/3% in aggregate principal amount of Trust Certificates then outstanding shall otherwise consent in writing, it will not, nor will it permit any Restricted Subsidiary to:

SECTION 7.01. Indebtedness. Incur, create, assume or permit to exist any Indebtedness except

(a) Subordinated Debt as shown on the Consolidated Balance Sheet to the extent such Subor-

dinated Debt is outstanding at the Effective Time of Merger;

(b) additional Subordinated Debt; provided, however, that, at the time of and after giving effect to the incurrence thereof, the aggregate of Consolidated Subordinated Debt will not exceed 100% of Consolidated Stockholders' Equity;

(c) Senior Debt as shown on the Consolidated Balance Sheet to the extent such Senior Debt is outstanding at the Effective Time of Merger;

(d) additional Senior Debt; provided, however, that, at the time of and after giving effect to the incurrence thereof, the total of all Consolidated Senior Debt will not exceed (i) 375%, if such Senior Debt is incurred on or prior to December 31, 1982, or (ii) 350%, if such Senior Debt is incurred on or after January 1, 1983, of the sum of (A) Consolidated Stockholders' Equity, (B) Deferred Taxes of ITEL and its Restricted Subsidiaries and (C) Consolidated Subordinated Debt; and

(e) such of the Indebtedness of a corporation as exists at the time when, within the limitations set forth in Section 7.04, (i) such corporation hereafter becomes a Restricted Subsidiary of or is merged into ITEL or one of its Restricted Subsidiaries, or (ii) substantially all the assets of such corporation are acquired by ITEL or one of its Restricted Subsidiaries; provided, however, that the relevant debt tests of Sections 7.01(b) and (d) shall at all times be met as if such Indebtedness was then being incurred.

SECTION 7.02. Liens. Incur, create, assume or permit to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever (including conditional sales or other title retention agreements) on any property or assets now owned or hereafter acquired by it, other than:

(a) liens for taxes or assessments and similar charges, either (i) not delinquent or (ii) being contested in good faith by appropriate proceedings in accordance with the requirements of Section 6.02;

(b) liens incurred or pledges and deposits in connection with workmen's compensation, unemployment insurance, old-age pensions and other social security benefits or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, surety and appeal bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(c) statutory liens of landlords and other liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's and vendors' liens, incurred in good faith in the ordinary course of business, and deposits made in the ordinary course of business to obtain the release of any such liens;

(d) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under or asserted by a landlord or owner of the leased property, with or without consent of the lessee), none of which, in the opinion of ITEL, materially impairs the use of such property in the operation of the business of ITEL or any Restricted Subsidiary or the value of such property for the purpose of such business;

(e) liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which ITEL or a Restricted Subsidiary, as the case may be, shall have set aside on its books adequate reserves;

(f) subject to each and every other provision of this Article Seven, leases, security agreements, mortgages, conditional sales or title retention contracts to secure the purchase price of fixed or capital assets purchased or leased by ITEL or any of its Restricted Subsidiaries or existing on such fixed or capital assets at the time of purchase or lease, or any renewal, extension or refunding (in an amount not in excess of the then outstanding indebtedness) of the same, or to secure indebtedness (in

an amount not in excess of the lesser of the cost or fair market value of the fixed or capital assets hereinafter referred to) incurred by ITEL or any of its Restricted Subsidiaries for the purpose of reimbursing itself for the cost of acquisition and/or the cost of improvement of fixed or capital assets owned or leased by ITEL or any of its Restricted Subsidiaries, provided that each such lease, security agreement, mortgage, conditional sales or title retention contract shall at all times be confined solely to the fixed or capital assets so purchased, leased or refinanced;

(g) liens on the property or assets of any Restricted Subsidiary securing indebtedness of such Restricted Subsidiary to ITEL;

(h) subject to each and every other provision of this Article Seven, liens securing Indebtedness; and

(i) liens incidental to the conduct of the respective businesses of ITEL and its Restricted Subsidiaries or the ownership of their respective properties and assets which were not incurred to secure any indebtedness of ITEL or any Restricted Subsidiary and which do not in the aggregate materially detract from the value of such properties and assets or materially impair the use thereof in the operation of the respective businesses of ITEL and its Restricted Subsidiaries.

In addition, neither ITEL nor any Restricted Subsidiary shall at any time hereafter incur, create or assume any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any property or assets now owned or hereafter acquired by it securing any of its obligations which were theretofore unsecured (unless such obligations were theretofore subject to an agreement under which the obligee had the option to have the same so secured) unless ITEL equally and ratably secures the payment of all rentals and indebtedness payable by it under this Agreement and the Trust Certificates.

SECTION 7.03. Capital Distributions. Declare or pay any dividend on the capital stock of ITEL or any Restricted Subsidiary (other than dividends payable solely in shares of the common stock of ITEL or such

Restricted Subsidiary or dividends payable by a Restricted Subsidiary to ITEL), or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value any share of the capital stock of ITEL or any Restricted Subsidiary, or make optional prepayments of Subordinated Debt by way of sinking fund or otherwise, or make any Restricted Investment (all of the foregoing being hereinafter called Restricted Payments), except that, so long as no Event of Default or event which with the giving of notice or the passage of time or both would constitute an Event of Default shall have occurred and be continuing, ITEL or any Restricted Subsidiary may make Restricted Payments if the sum of all Restricted Payments made after December 31, 1976, plus the Restricted Payments then proposed to be made shall not exceed the sum (hereinafter called the Maximum Restricted Payment) of (i) Consolidated Net Income for the period from January 1, 1977, to the date of the declaration or payment of the Restricted Payment or Payments proposed to be made (taken as one accounting period), (ii) net cash proceeds realized by ITEL and its Restricted Subsidiaries after December 31, 1976, from the issuance of, or the conversion of other securities of ITEL and/or any Restricted Subsidiary to, capital stock of ITEL and/or its Restricted Subsidiaries and (iii) $5,000,000.

Nothing contained in the foregoing shall prevent (i) the payment of any dividend on the capital stock of ITEL or any Restricted Subsidiary within 90 days after the date of declaration thereof if, at the time of such declaration and after giving effect thereto, there was compliance with the provisions hereof or (ii) the retirement of any shares of the capital stock of ITEL by exchange for, or out of the proceeds of the substantially concurrent sale of, other shares of its capital stock. If ITEL shall at any time retire any shares of its capital stock pursuant to clause (ii) of this paragraph, such retirement and any such proceeds shall not be included in any computation thereafter made of the Maximum Restricted Payment.

For purposes of calculating at any time the aggregate amount of Restricted Payments, the value of any Restricted Investment in an Unrestricted Subsidiary shall be deemed to be the net book value of such investment on the books of the corporation which made such investment.

SECTION 7.04. Consolidations and Mergers. Consolidate with or merge into any corporation, except (i) ITEL may merge or consolidate with another corporation if ITEL is the survivor of such merger or consolidation and ITEL, upon the consummation of such merger or consolidation, shall not be in default under any of the terms of this Agreement and (ii) any Restricted Subsidiary may be merged into any other Restricted Subsidiary.

SECTION 7.05. Stockholders' Equity. In the case of ITEL, permit the Stockholders' Equity of ITEL at any time to be less than $130 million.

SECTION 7.06. Cash Flow. Permit at any time Cash Flow for the preceding twelve consecutive month period to be less than 100% of the aggregate of all payments of principal of Consolidated Funded Debt which are scheduled to be made during the succeeding twelve consecutive month period.

SECTION 7.07. Interest Coverage. Permit at the end of any quarterly fiscal period of ITEL, Consolidated Earnings Available for Interest Coverage for such fiscal period then ending and the three quarterly fiscal periods next preceding such fiscal period then ending to be less than 150% of interest on Consolidated Debt paid or accrued and not paid during such four quarterly fiscal periods.

SECTION 7.08. Commercial Paper. Issue or sell any commercial paper or other similar short-term Indebtedness contemplated to be retired through the future issuance and sale of other short-term Indebtedness unless, after giving effect thereto, the aggregate principal amount thereof then outstanding shall not exceed the aggregate amount of bank credit lines then unused and available to ITEL and its Restricted Subsidiaries under then outstanding credit or loan agreements.

SECTION 7.09. Disposal of Securities or Sale of Assets. Sell, transfer, assign or otherwise dispose of (i) any equity or debt security owned by it of a Restricted Subsidiary (except for the purpose of qualifying directors) or (ii) all or a substantial portion of its assets unless (A) in the case of any sale, transfer, assignment or other disposition of any equity or debt

security of a Restricted Subsidiary, (1) such disposition is of all such securities owned, directly or indirectly, by ITEL and its Subsidiaries immediately prior to such disposition, and (2) the corporation whose securities have been so disposed of does not own, directly or indirectly, after such disposition any equity or debt security of ITEL or any Subsidiary, (B) the sale, transfer, assignment or other disposition of such securities or assets is not made to an Affiliate of the corporation making such disposition and, in the opinion of the Board of Directors (or a duly constituted committee thereof) of ITEL, is for fair value and is in the best interests of ITEL, (C) either (1) the sum of (y) the net book value of such securities or assets sold, transferred, assigned or otherwise disposed of, plus (z) the net book value of any other equity or debt securities of any Restricted Subsidiary theretofore owned by ITEL or any Restricted Subsidiary and the net book value of any other assets of ITEL or any Restricted Subsidiary sold, transferred, assigned or otherwise disposed of during the twelve consecutive month period next preceding the date of the disposition referred to in clause (y) above does not exceed 20% of Consolidated Stockholders' Equity at the time of such disposition or (2) if such sum exceeds 20% of such Consolidated Stockholders' Equity, ITEL shall offer at the time of the disposition referred to in clause (y) above to apply funds in an amount which bears the same ratio to such excess as the ratio of (y) the outstanding principal amount of Trust Certificates then outstanding the holders of which consent to the prepayment to (z) Consolidated Senior Funded Debt then outstanding to the pro rata prepayment, without premium, of Trust Certificates held by any holders which consent to such prepayment, (D) the sum referred to in clause (C) above does not exceed 20% of Consolidated Net Tangible Assets at the time of the disposition referred to in clause (C)(1)(y) above and (E) at the time of and after giving effect thereto ITEL shall not be in default under any provision of this Article Seven."

8. Section 10.05 of the Agreement is hereby amended by restating clause (a) thereof to read as follows:

"(a) in the case of ITEL, Itel Corporation, Itel Rail Division, Two Embarcadero Center, San Francisco, California 94111, attention of President, or such other

address as may hereafter be furnished to the Trustee in writing by ITEL,".

9. Until the final payment of principal of and interest on the Trust Certificates shall be made, ITEL will deliver or cause to be delivered to each Purchaser and to any subsequent holder of the Trust Certificates in addition to the financial statements required to be delivered by ITEL pursuant to Paragraph 4 of the Purchase Agreement (i) as soon as available after the end of each quarterly fiscal period of ITEL, and in any event within 60 days thereafter, a copy, in comparative form with the preceding year's quarterly fiscal period, of each of the consolidating balance sheet and the consolidating income statement of ITEL and its consolidated subsidiaries as at the end of such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter, all in reasonable detail, as prepared by ITEL in the ordinary course of its business and in any event prepared so as to show separately the operations of ITEL's Rail Division and (ii) as soon as available, and in any event within 120 days after the end of each fiscal year of ITEL, a copy, in comparative form with the preceding fiscal year, of each of the consolidating balance sheet, consolidating statement of retained earnings and consolidating statement of changes in financial position of ITEL and its consolidated subsidiaries as at the end of such fiscal year and of the

consolidating income statement of ITEL and its consolidated subsidiaries for such fiscal year. Each of such annual consolidating balance sheets, statements of retained earnings, statements of changes in financial condition and income statements shall be prepared in reasonable detail, in accordance with generally accepted accounting principles and shall be accompanied by a report, opinion and certificate similar to the reports, opinions and certificates required to be delivered pursuant to Paragraph 4 of the Purchase Agreement and this Paragraph 9. ITEL shall prepare or cause to be prepared each quarterly financial statement of ITEL to be delivered pursuant to Paragraph 4 of the Purchase Agreement so as to show separately the operations of the Rail Division of ITEL. Each of the annual consolidated balance sheets, statements of retained earnings, statements of changes in financial condition and income statements of ITEL to be delivered pursuant to Paragraph 4 of the Purchase Agreement shall be accompanied, in lieu of the accountants' certificate specified in Paragraph 4 of the Purchase Agreement, by a certificate of the accountants who certify the financial statements of ITEL, stating that they have reviewed Section 5.01(d) and Article Seven of the Agreement, as supplemented and amended by this Amendment, and stating further whether, in making their audit, such accountants have become aware of any

condition or event which then constitutes a default or an Event of Default thereunder and, if any such condition or event then exists, specifying the nature and period of existence thereof.

10. The Debt Servicing Agreement and all references thereto in the Agreement shall cease to be of any force or effect from and after the Effective Time of Merger.

11. ITEL represents and warrants as follows:

(a) ITEL has full power, authority and legal right to execute and deliver this Amendment and to perform and observe the terms and conditions hereof and of the Operative Agreements as herein contemplated.

(b) The execution and delivery by it of this Amendment, the consummation of the transactions contemplated herein and in the Operative Agreements and the fulfillment of the terms hereof and thereof and the compliance by it with the terms and provisions hereof and thereof will not result in any violation of its corporate charter or by-laws or in any breach of any applicable law, or any regulation, order, injunction or decree of any court or governmental instrumentality or of any of the terms, conditions or provisions of, or constitute a default under, or with notice or lapse of time, or both, constitute a default under, or result in the

creation of any lien, charge, security interest or other encumbrance upon any of its property or assets pursuant to, any indenture, agreement or other instrument to which it is party or by which it may be bound.

(c) No authorization or approval of any governmental agency or commission or public or quasi-public body or authority of the United States of America, any state thereof or the District of Columbia, or of any department or subdivision of any thereof, is necessary for the due execution and delivery by it of this Amendment or for the validity of this Amendment or for the validity or enforceability of any of the Operative Agreements as against ITEL.

12. ITEL shall deliver or cause to be delivered to the Trustee an opinion of Messrs. Brobeck, Phleger & Harrison, special counsel for ITEL, in form and scope satisfactory to Messrs. Cravath, Swaine & Moore, special counsel for the Trustee and the Purchasers, addressed to the Trustee and the Purchasers, and dated as of the Effective Time of Merger, to the effect that:

(a) ITEL is duly organized, validly existing and in good standing under the laws of the state of its incorporation.

(b) This Amendment has been duly authorized,

executed and delivered by ITEL and constitutes a valid and binding obligation of ITEL.

(c) The obligations of SSI under the Operative Agreements have been duly assumed by ITEL and constitute valid and binding obligations of ITEL enforceable in accordance with the terms of the Operative Agreements (subject, as the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect).

(d) No authorization or approval of any governmental agency or commission or public or quasi-public body or authority of the United States of America, any state thereof or the District of Columbia, or of any department or subdivision of any thereof, is necessary for the due execution and delivery by ITEL of this Amendment or for the validity of this Amendment or for the validity or enforceability of any of the Operative Agreements as against ITEL or for the payment of the Trust Certificates or any other action on the part of ITEL contemplated by the Agreement and this Amendment.

(e) All action required by law or by the Plan to be taken by ITEL at or prior to the merger of SSI into

ITEL, and all action required by law or the Agreement to be taken in connection with the execution and delivery of this Amendment, has been duly and validly taken. No other approvals, consents or waivers in respect thereof are known to such counsel to be required.

(f) ITEL is entitled to the full benefit of each Lease in like manner as if ITEL were named therein in lieu of SSI.

In rendering the foregoing opinion, counsel may assume the due execution and delivery of this Amendment by the Trustee.

13. Upon delivery to the Trustee at the Corporate Trust Office of any Trust Certificate outstanding at the Effective Time of Merger, the Trustee, at no expense to the holder thereof, will issue and deliver to such holder a new Trust Certificate reflecting the changes made by this Amendment and bearing the guarantee thereon of ITEL, which ITEL hereby agrees to execute and deliver.

14. ITEL shall, promptly after the execution and delivery of this Amendment, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act.

ITEL shall furnish to the Trustee promptly after such filing and recording evidence thereof and an opinion of counsel for ITEL with respect thereto, as set forth in Section 6.03 of the Agreement, satisfactory to the Trustee.

15. The provisions of this Amendment, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names, by officers thereunto duly authorized, and their respective seals to be affixed hereto and duly attested, all as of the date first above written.

ITEL CORPORATION, acting through its Rail Division,

by _____
Vice President,
Rail Division

[Corporate Seal]

Attest: _____
Assistant Secretary

FIRST SECURITY BANK OF UTAH, National Association, as Trustee,

by _____
Authorized Officer

[Seal]

Attest: _____
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this 29th day of Dec 1977, before me personally appeared Donald H Gleason, to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, Rail Division, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation acting through its Rail Division.

OFFICIAL SEAL
BARBARA F. MACK
NOTARY PUBLIC - CALIFORNIA
COUNTY OF ALAMEDA
My Commission Expires Jan. 4, 1981

Barbara F. Mack
Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 28 day of Dec 1977, before me personally appeared DEBRA J. DORFMAN to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Donna L Gustavson
Notary Public

[Notarial Seal]

My Commission expires My Commi. 5, 1981

My Commission Expires November 15, 1981

Exhibit A

The terms used in this Exhibit A shall have the respective meanings thereof set forth in the Amendment Agreement and Assumption to which this Exhibit A is attached:

Lessee Under Lease	Date of Lease	Date of Lease Assignment	Date of Filing of Lease With ICC	ICC Recordation Number for Lease	Date of Filing of Lease Assignment With ICC	ICC Recordation Number for Lease Assignment
Pearl River Valley Railroad Company	3/24/76	8/24/76	8/27/76	8457-A	8/27/76	8457-A
St. Johnsbury & Lamoille County Railroad	12/30/75	8/24/76	8/27/76	8457-B	8/27/76	8457-B
Greenville & Northern Railway Company	8/6/76	11/29/76	11/30/76	8457-E	11/30/76	8457-E
Minnesota, Dakota & Western Railway Company	6/22/76	11/29/76	11/30/76	8457-F	11/30/76	8457-F
Sierra Railroad Company	9/1/75	1/1/77	1/13/77	8457-G	1/13/77	8457-G
Escanaba & Lake Superior Railroad Company	12/22/76	2/11/77	1/10/77	8653	2/10/77	8653-A
Lake Erie, Franklin & Clarion Railroad Company	1/3/77	2/11/77	1/21/77	8668	2/10/77	8668-A