EQUIPMENT LEASE, ASSIGNMENT,
CHATTEL MORTGAGE AND SECURITY AGREEMENT

THIS AGREEMENT dated as of May 15, 1970 among GEORGE D. MACKAY and EDWARD E. CASTANS, not in their individual capacities but as Trustees under a Trust Agreement dated as of March 16, 1970 (the "Lessor"), UNITED STATES LEASING INTERNATIONAL, INC., a California corporation, as agent for the Lessor (the "Agent"), CANADIAN NATIONAL RAILWAY COMPANY, a Canadian corporation (the "Lessee") and The Canada Life Assurance Company, a Canadian corporation (the "Secured Party").

W I T N E S S E T H:

WHEREAS the Lessee has agreed to purchase certain railroad equipment (hereinafter referred to collectively as the "Equipment" and individually "Item of Equipment") described in Schedule 1 attached hereto and made a part hereof from the manufacturer thereof identified in said Schedule 1 (the "Manufacturer") for the purchase price set forth in said Schedule 1; and

WHEREAS the Lessee desires to lease the Equipment at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor and the Lessee have heretofore entered into an Agreement to Acquire and Lease dated as of March 16, 1970 and a First Amendment thereto dated as of May 8, 1970, (said Agreement as so amended being hereinafter referred to as the "Acquisition Agreement") providing for the acquisition by the Lessor from said manufacturer of the Equipment and the lease thereof to the Lessee, subject to the delivery of the Equipment by said manufacturer and acceptance thereof by the Lessee, as lessee, and the completion of arrangements by the Lessor to finance the acquisition of the Equipment on or before June 1, 1970; and

WHEREAS the Lessor and the Lessee have heretofore further entered into an Equipment Lease dated as of March 16, 1970 whereby the Lessee was enabled to take delivery of all or a portion of the Equipment, as lessee, prior to completion of such financing arrangements and to the execution and delivery of this Agreement; and

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INTERSTATE COMMERCE COMMISSION

(C.N. Trust No. 1)

WHEREAS the Acquisition Agreement provides that in the event the Lessor is unable to complete the financing of its acquisition of Equipment as contemplated in the Acquisition Agreement, the Lessee is required within three days of the applicable deadline date therein expressed to purchase any Items of Equipment which the Lessor may have theretofore purchased for a price equal to the purchase price thereof to the Lessor, less any rentals paid therefor; and

WHEREAS the Secured Party desires to provide financing to the Lessor as contemplated by the Acquisition Agreement under the terms and provisions hereof, and the Lessor and the Lessee desire that such financing be so provided, and said parties desire that this Agreement shall hereafter evidence the lease terms and provisions and the other matters herein provided in respect of the Equipment in lieu of the terms and the provisions of said Equipment Lease dated as of March 16, 1970, and herein below each such party executes this Agreement as evidence thereof;

NOW, THEREFORE, in consideration of the premises and of the sums to be paid and the covenants hereinafter provided to be kept and performed, the parties hereto agree as follows:

DEFINED TERMS

Unless the context otherwise specifies or requires, each of the following terms shall, when used in this Agreement, have the meaning indicated:

Trust Agreement: The term "Trust Agreement" shall mean the Trust Agreement dated as of March 16, 1970 among George D. MacKay and Edward E. Castans, as Trustees, United States Leasing International, Inc., as agent for the Trustees, and Manufacturers and Traders Trust Company, as Trustor, as supplemented or amended from time to time.

Trustor: The term "Trustor" shall mean Manufacturers and Traders Trust Company, a New York corporation and any corporation succeeding thereto by merger, consolidation or acquisition of all or substantially all of its assets as an entirety.

Loan Agreement: The term "Loan Agreement" shall mean the Loan Agreement dated as of May 15, 1970 among the Trustees, the Agent and the Secured Party, as supplemented or amended from time to time.

Note or Notes: The term "Note" shall mean any of, and the term "Notes" shall mean all of, the 10-1/8% Secured Notes due 1970-1989 of the Trustees issued and outstanding under the Loan Agreement.

PART I

Provisions Relating to the Lease and Delivery of the Equipment, Rentals Reserved and Duties and Obligations of the Lessee in respect of the Equipment. This Part I is hereinafter for convenience sometimes referred to as the "Lease".

SECTION 1. MANUFACTURE AND DELIVERY OF EQUIPMENT.

1.1. As more fully set forth in the preambles hereto and the Acquisition Agreement referred to therein the Lessor is acquiring the Equipment, and upon delivery of each Item of Equipment by the Manufacturer thereof, the Lessor shall lease and let such Item of Equipment to the Lessee and the Lessee shall hire such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2. Upon delivery of each Item of Equipment by the Manufacturer thereof the Lessee will inspect such Item of Equipment and if such Item of Equipment tendered for delivery appears to meet the specifications, the Lessee will accept delivery thereof and execute and deliver to such Manufacturer and Lessor duplicate Certificates of Acceptance, substantially in the form of Schedule 2 attached hereto and made a part hereof. The Lessor and the Lessee acknowledge and agree that Certificates of Acceptance heretofore or hereafter executed by the Lessee which refer to the Equipment Lease dated as of March 16, 1970 shall for all purposes be deemed to evidence and confirm delivery under this Agreement of the Items of Equipment described therein.

1.3. The Lessee's execution and delivery to the Lessor of the Certificates of Acceptance with respect to each Item of Equipment shall conclusively establish that each Item of Equipment is acceptable to and accepted by the Lessee hereunder, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that each Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable Canadian Transport Commission and United States Department of Transportation and all other foreign or domestic governmental agency requirements and specifications, if any. The Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor for each Item of Equipment in Schedule I hereto, 40 semi-annual installments of Fixed Rental each payable in advance. Installments of Fixed Rental payable hereunder shall be in the amount provided for each Item of Equipment in Schedule I hereto.

2.2. Rental Payment Dates. The first installment of Fixed Rental for the Items of Equipment delivered to the Lessee hereunder shall be due and payable on the earlier of (i) the business day, after delivery of such Items of Equipment to the Lessee hereunder has been completed as evidenced by the Certificates of Acceptance, and as described in Schedule I such Items of Equipment shall have been purchased and paid for by the Lessor pursuant to the Acquisition Agreement, or (ii) July 25, 1970. Each remaining installment of Fixed Rental for each Item of Equipment shall be due and payable semi-annually commencing six calendar months after the first rental payment date for such Item of Equipment. In the

the event Schedule I as attached hereto is divided into separate parts or sub-schedules the determination of the rent payment dates under Section 2.2, the currency in which payments shall be made under Section 2.3 and the lease term under Section 3 shall be made separately for Equipment described in each such part or sub-schedule.

2.3. All payments by the Lessee provided for in this Agreement to be made to the Lessor shall be made in U. S. or Canadian Dollars, as specified in Schedule I, free and clear of all charges for transfer or negotiation to the Lessor at 633 Battery Street, San Francisco, California, 94111, or at such other place as the Lessor or its assigns shall specify in writing.

2.4. This Agreement constitutes a "net lease" of the Equipment by the Lessee and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor hereunder or otherwise or against the Manufacturer of the Equipment, nor, except as otherwise expressly provided herein, shall this Agreement terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, or lack of right, power or authority of the Lessor to enter into this Agreement with the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the

obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for delivery to Lessor on the Lessee's lines, or is stored for the Lessor on the Lessee's lines, or leaves the Lessee's lines for off-line delivery to the Lessor.

SECTION 3. TERM OF THE LEASE.

The lease term as to each Item of Equipment shall begin on the date of delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Section 11 hereof, shall with respect to the Equipment as shown on Schedule I hereto terminate 20 years after the date for payment of the first installment of Fixed Rental provided for in Section 2.2 hereof, said term being hereinafter called the "lease term".

SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.

4.1. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by the Lessee.

4.2. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule I and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

> "Leased from United States Leasing International, Inc. as Agent for Owner-Trustee, and subject to a Security Interest Recorded with the I.C.C. and the Registrar-General of Canada."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights and the rights of the Secured Party under this Agreement. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except with the consent of the Lessor and in accordance with a statement of new road numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

4.3. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification.

4.4. The Lessee shall indemnify the Lessor, the Agent, the Trustor and the Secured Party and their respective successors and assigns against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia.

SECTION 5. DISCLAIMER OF WARRANTIES.

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (a) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (b) THE LESSOR'S TITLE THERETO, (c) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (d) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against any manufacturers or contractors in respect thereof.

SECTION 6. LESSEE'S INDEMNITY.

6.1. The Lessee shall defend, indemnify and save harmless the Lessor, the Agent, the Trustor and the Secured Party and their successors and assigns from and against:

(a) any and all loss or damage of or to the Equipment, usual wear and tear excepted, and

(b) any claim, cause of action, damages or liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner or by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation

the construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), except counsel fees or other costs or expenses incurred by the Agent, Trustor, Lessor, or the Secured Party with respect to their initial participation in this transaction, including counsel fees, costs and expenses incurred in the execution of all necessary documents, (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of claims for strict liability in tort.

6.2. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Agreement, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

6.3. Notwithstanding anything contained in this Section 6, the Lessee shall not be obligated to indemnify or assume liability in respect of an Item of Equipment for any claim, cause of action, damages or liability to the extent that such claim, cause of action, damages or liability arises solely as a result of a situation or event occurring after such Item of Equipment has been returned to the Lessor pursuant to Section 13 or 15 hereof or after this Agreement with respect to such Item of Equipment has otherwise terminated; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i) or (ii) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Agreement, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or as the case may be, 15, hereof. The foregoing does not guarantee a residual value.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules foreign or domestic (including the rules of the Canadian Transport Commission and the United States Department of Transportation and the current Interchange

Rules, or supplements thereto of the Mechanical Division, Association of American Railroads) with respect to the use, maintenance and operation of each Item of Equipment subject to this Agreement. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. The Lessee shall not modify any Item of Equipment without the written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment (except such as are not required pursuant to Section 7 hereof and can be removed without damage to, or in any way affecting or impairing either the originally intended function or the use of, such Item of Equipment) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through, or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon the Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements hereunder, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment. The Lessee's obligations under this Section 9 shall survive termination of the Agreement.

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. The Lessor will, at the sole cost and expense of the Lesse , make suitable arrangements to have this Agreement deposited with the Registrar General of Canada pursuant to Section 148 of the Railway Act of Canada and to publish notice of such deposit in the Canada Gazette pursuant to said Section 148 and duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without Canada and the United States as the Lessor may reasonably require for the protection of its title or the lien and security interest granted by the Lessor to the Secured Party pursuant to Section 16.1 hereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record wherever and whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or the Secured Party's lien and security interest in, the Equipment to the satisfaction of the Lessor's or the Secured Party's counsel or for the purpose of carrying out the intention of this Agreement, and in connection with any such action, will deliver to the Lessor proof of such filing and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording, re-recording of any such instruments or incident to the taking of such action.

10.2. The Lessee, or the Lessor at the Lessee's expense, shall report, pay and discharge when due all license and registration fees, assessments, sales, use and property taxes, gross receipts taxes arising out of receipts from use or operation of Equipment, and other taxes, fees and governmental charges similar or dissimilar to the foregoing (excluding any net income tax, provided that the Lessee agrees to pay that portion of any such net income tax which is in direct substitution for, or which relieves the Lessee from, a tax which the Lessee would otherwise be obligated to pay under the terms of this Section, together with any penalties or interest thereon, imposed by any state, federal or local government upon any Item of Equipment and whether or not the same shall be assessed against or in the name of the Lessor, the Agent, the Lessee, or the Trustor; provided, however, that the Lessee shall not be required to pay or discharge any such tax or assessment (i) so long as it shall, in good faith and by appropriate legal proceedings, contest the validity thereof

in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment; however, the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge, or (ii) as to assessments against or in the name of anyone other than the Lessee, until 20 days after written notice thereof shall have been given to the Lessee.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE FOR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged or damaged beyond economic repair, or in the opinion of both the Lessor and the Lessee, obsolete or economically unserviceable for use from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the lease term (any such occurrence,except for any requisition which by its terms does not exceed the remaining lease term, being hereinafter called a Casualty Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

11.2. When the aggregate Casualty Value (as herein defined) of Item of Equipment described in any given Schedule having suffered a Casualty Occurrence (exclusive of Items of Equipment described in such Schedule having suffered a Casualty Occurrence with respect to which a payment shall have been made to the Lessor pursuant to this Section 11) shall exceed $60,000 the Lessee shall, on the next succeeding rental payment date, pay to the Lessor a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment; provided, that notwithstanding the foregoing the Lessee shall on the last applicable rental payment date of each calendar year pay to the Lessor a sum equal to the Casualty Value of any Item or Items of Equipment which have suffered a Casualty Occurrence during such calendar year or any prior year for which no payment has previously been made to the Lessor pursuant to this Section 11.

11.3. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment, the obligation to pay rental for such Item or Items of Equipment (including the Fixed Rental installment due on the Casualty Value payment date) shall terminate, but the Lessee shall continue to pay rental for all other Items of Equipment. The Lessee shall pay when due all rental payments as to an Item or Items due prior to the date on which the Casualty Value thereof is payable.

11.4. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

11.5. If the Lessee shall have notified the Lessor that an Item or Items of Equipment have suffered a Casualty Occurrence prior to the commencement of Fixed Rental hereunder with respect thereto, the date of such Casualty Occurrence for such Item or Items shall be deemed to be one day after the due date of the first installment of Fixed Rental.

11.6. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the original cost to the Lessor of such Item of Equipment as set forth in the Schedule of Casualty Value attached hereto as Schedule 3.

11.7. The Lessee shall bear the risk of and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment after the date hereof.

11.8. In the event that during the lease term the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining lease term, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

SECTION 12. ANNUAL REPORTS

12.1. On or before April 1 in each year, commencing with the year 1971 and provided a request therefore is made by the Lessor or the Secured Party, the Lessee will furnish to all such requesting parties an accurate statement, as of the end of the preceding calendar year (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding 12 months or longer period between successive statements (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced.

12.2. The Lessor or the Secured Party shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Agreement.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the lease term with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90 day period to any reasonable place on the lines of the railroad operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Agreement,

and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. If, during the continuance of this Agreement, one of more of the following events ("Events of Default") shall occur:

(a) Default shall be made in the payment of any part of the rental provided in Section 2 hereof and such default shall continue for ten days after written notice from the Lessor to the Lessee of such default and demand the same be remedied; or

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof, and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within 30 days after written notice from the Lessor to the Lessee demanding such cancellation and recovery of possession; or

(c) Default shall be made in the observance or performance of any other covenant, condition, agreement, representation or warranty on the part of the Lessee contained herein, or in any other written agreement entered into by the Lessee with the Lessor, the Trustor or the Agent concerning the Equipment, and such default shall continue for 30 days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any other proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder), and, if instituted against the Lessee, are consented to or are not dismissed within 60 days after such proceedings shall have been commenced, unless all the obligations of the Lessee under this Lease shall have been duly assumed in writing, pursuant to a court order or decree, by

a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

(1) proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Agreement or to recover damages for the breach thereof; or

(2) by notice in writing to the Lessee, terminate the Lessee's rights and privileges under this Agreement, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Agreement had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Agreement over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 6% per annum discount, compounded semiannually from the respective dates upon which

rentals would have been payable hereunder had this Agreement not been terminated, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach by the Lessee of any covenant or covenants of this Agreement, other than for the payment of rental.

14.2. The remedies in this Section 14 provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any off-set against the rental payments due hereunder, and agrees to make the rental payments regardless of any off-set or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.3. The failure of the Lessor to exercise the rights granted it hereunder 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.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. If the Lessor shall terminate the Lessee's rights and privileges hereunder pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad for a period not exceeding 90 days at the risk of the Lessee; and

(c) Transport the Equipment, at any time within such 90 day period, to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

15.2. The assembling, delivery, storage and transporting of the Equipment by the Lessee as hereinbefore provided are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

15.3. Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to Lessor, to demand and take possession of such Item in the name and on behalf of Lessee from whosoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR AND LESSEE: USE AND POSSESSION.

16.1. In consideration of the execution by the Secured Party of the Loan Agreement and any loan by the Secured Party thereunder to finance the purchase by the Lessor of the Equipment, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of the Notes and all principal thereof and interest (and Premium, if any) thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Lessor under the terms of the Notes, Part II of this Agreement or the Loan Agreement (the "indebtedness hereby secured") and the performance and observance of all the covenants and conditions of the Lessor in the Notes and in Part II of this Agreement and in the Loan Agreement contained, the Lessor does hereby sell, convey, warrant, mortgage, assign, pledge, grant a security interest in, and hypothecate unto the Secured Party, its successors and assigns, forever, all and singular the following described properties, rights, interests and privileges (all of which properties hereby mortgaged, assigned and pledged or intended so to be are collectively referred in this Section 16.1 and in Part II of this Agreement to as the "mortgaged property"):

DIVISION I

The Equipment, together with all accessories, equipment parts and appurtenances appertaining or attached to any of the Equipment whether now owned or hereafter acquired, and all substitutuions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of the Equipment together with all the rents, issues, income, profits and avails therefrom, including any proceeds of the sale of the Equipment pursuant to Section 6 of the Acquisition Agreement.

DIVISION II

All right, title and interest of the Lessor, as Lessor, in, under and to this Agreement and all rents and other sums due and to become due thereunder including any and all extensions or renewals thereof insofar as the same cover or relate to the Equipment (excepting and reserving, however, the initial installment of Fixed Rental) and all right, title and interest of the Lessor in and to the amounts payable by the Lessee on account of the purchase price of the Equipment pursuant to Section 6 of the Acquisition Agreement it being the intent and purpose thereof that the assignment and transfer to the Secured Party of said rents and other sums due and to become due from the Lessor under this Agreement and the Acquisition Agreement shall be effective and operative immediately and shall continue in full force and effect and the Secured Party shall have the right to collect and receive said rents and other sums for application in accordance with the provisions of Section 23 hereof at all times during the period from and after the date of this Agreement until the indebtedness hereby secured has been fully paid and discharged.

SUBJECT, HOWEVER, to (a) the right, title and interest of the Lessee under this Agreement, and (b) the lien of current taxes and assessments not in default, or, if delinquent, the validity of which is being contested in good faith.

TO HAVE AND TO HOLD the mortgaged property unto the Secured Party, its successors and assigns, forever; provided always, however, that these presents are upon the express condition that if the Lessor shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements in Part II of this Agreement and in the Loan Agreement and the Notes contained, then these presents and the estate hereby granted and

conveyed shall cease and this Agreement shall become null and void as between the Lessor and the Secured Party, otherwise to remain in full force and effect.

The rental and other sums payable by the Lessee which are the subject matter of the mortgage and assignment provided by this Section shall be paid to the Secured Party. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Secured Party in and to the sums payable by the Lessee under any provisions of this Agreement shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in Lessor's title, or any interruption from whatsoever cause (other than from a wrongful act of the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of the Secured Party, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the mortgage and assignment provided for by this Section, and (ii) the assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the Secured Party) which by the terms of this Agreement are permitted or provided to be exercised by the Lessor.

16.2. So long as the Lessee shall not be in default under this Agreement, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Agreement, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Agreement in any of the Equipment (except to the extent that the provisions of any mortgage now or hereafter created on any of the liens of railroad of the Lessee may subject such leasehold interest to the lien thereof). The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Sections 16.3, 16.4 or 16.5 hereof.

16.3. So long as the Lessee shall not be in default under this Agreement, the Lessee shall be entitled to the possession of the Equipment and to the use thereof by the Lessee or by any other corporation which constitutes one of the "National Railways" as that term is defined in the Canadian National Railways Act, or upon lines of railroads over which the Lessee or any such corporation has trackage or other operating rights or over which equipment of the Lessee or any such corporation is regularly operated pursuant to contract and also to permit the use of the Equipment upon connecting and other railroads in the usual interchange of traffic and to permit the sub-letting or lease temporarily or to permit the emergency use by other parties of any Item of Equipment in the normal course of business, but only upon and subject to all the terms and conditions of this Agreement. No assignment, sublease or interchange entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligations hereunder which shall be and remain those of a principal and not a surety.

16.4. Nothing in this Section 16 shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Agreement in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

16.5. Nothing in this Section 16 shall be deemed to restrict the right of the Lessee to sublease the Equipment to any corporation which constitutes one of the "National Railways" as that term is defined in the Canadian National Railways Act. No such sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

SECTION 17. REPRESENTATIONS AND WARRANTIES.

17.1. The Lessor and the Agent represent and warrant as follows:

(a) On the delivery date for each Item of Equipment the Lessor shall have such title thereto as it received from the manufacturer or supplier thereof.

(b) Any sale, assignment, transfer, mortgage or other disposition which the Lessor or the Agent may make of this Agreement or any Item of Equipment covered thereby, whether prior or subsequent to execution and delivery thereof, shall be made expressly subject to the terms and provisions of this Agreement and all rights of the Lessee thereunder.

(c) Neither the Lessor nor the Agent have created nor will they create any claim, lien or encumbrance against any Item of Equipment so as to interfere with or impair

(i) the Lessee's possession and use of such Item of Equipment in accordance with the terms of this Agreement; or

(ii) the title to any Item of Equipment which may be transferred or conveyed to the Lessee under other provisions of this Agreement.

17.2. The Lessee represents and warrants the truth and accuracy of the matters contained in paragraphs (a) through (f) of Section 18.1 hereof.

SECTION 18. OPINIONS OF COUNSEL.

18.1. Concurrently with the delivery and acceptance of the first Item of Equipment hereunder, the Lessee will deliver to the Lessor five counterparts of the written opinion of counsel for the Lessee addressed to the Lessor, the Agent and to the Secured Party to the effect that:

(a) The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of Canada;

(b) The Lessee has the corporate or other power and authority to own its property and carry on its business as now being conducted and is duly qualified to do business as a foreign corporation in all states in which such qualification is necessary to carry out the terms of the Agreement;

(c) This Agreement and the Acquisition Agreement have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their respective terms subject to applicable bankruptcy, reorganization, insolvency and moratorium laws from time to time in effect;

(d) Once this Agreement is deposited in the office of the Registrar-General of Canada and upon the giving of notice of such deposit in the Canada Gazette in accordance with Section 148 of the Railway Act of Canada, no other filing, recording or depositing or notices in respect thereof is necessary to protect the Lessor's title to the Equipment in Canada;

(e) No approval, consent or withholding of objection is required from any Canadian regulatory body with respect to the entering into or performance of the Agreement to Acquire and Lease or this Agreement;

(f) The execution and delivery by Lessee of this Agreement and the Acquisition Agreement do not violate any provision of any law, any order of any court or Canadian governmental agency, the Act of Incorporation or By-laws of the Lessee, or any indenture, agreement, or other instrument to which Lessee is a party or by which it, or any of its property is bound, and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement, or other instrument, or result in the creation or imposition of any lien, charge of encumbrance of any nature whatsoever upon any of the property or assets of Lessee, except as contemplated and permitted hereby; and

(g) As to any other matters which Lessor or the Secured Party shall reasonably request.

18.2. Concurrently with the delivery of the opinion of counsel for the Lessee as provided in Section 18.1 hereof, the Lessor will deliver to the Lessee five counterparts of the written opinion of General Counsel for the Agent and special counsel for the Lessor, in scope and substance satisfactory to the Lessee with respect to the matters set forth in (a), (b), (c) and (f) of such Section 18.1 as such matters may appropriately pertain to the Lessor, the Agent or both of them.

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding any nonpayment of rentals due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to

10½% (or the lawful rate, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. OPTION TO PURCHASE.

20.1. Provided that the Lessee is not in default, Lessee shall have the right to purchase all but not less than all of the Items of Equipment then leased hereunder at the expiration of the original lease term at a price equal to the "fair market value" (as defined). The Lessee shall give the Lessor written notice 180 days prior to the end of the original lease term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in United States funds there current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing a warranty against liens or claims of persons claiming by, through or under the Lessor except liens and claims which the Lessee assumed or is obligated to discharge under the terms of the Agreement. The Lessor shall not be required to make any representation or warranty as to the condition of the Equipment or any other matters.

20.2. The "fair market value" shall be such amount as is mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by American Appraisal Company. The fair market value as finally determined shall bear interest for the period, if any, from the date of expiration of the lease term to the date of payment at the rate of 10½% per annum.

20.3. Unless the Lessee has given the Lessor 180 days notice as required in connection with exercise of the foregoing options, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 13 hereof.

20.4. Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 23, in which event such purchase price shall govern.

PART II

Provisions Relating to the Mortgage and Assignment Granted by the Lessor to the Secured Party Under Section 16.1, the Duties and Obligations of the Lessor to the Secured Party and Certain Rights and Remedies of the Secured Party Against the Lessor and in Respect of the Equipment.

SECTION 21. COVENANTS AND WARRANTIES OF THE LESSOR:

The Lessor covenants, warrants and agrees with and for the benefit of the Secured Party but not with or for the benefit of the Lessee, as follows:

21.1. The Lessor covenants and agrees well and truly to perform, abide by and to be governed and restricted by each and all of the terms, provisions, restrictions, covenants and agreements set forth in the Loan Agreement, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said terms, provisions, restrictions, covenants and agreements were fully set out herein and as though any amendments or supplements to the Loan Agreement were fully set out in an amendment or supplement to this Mortgage.

21.2 Warranty of Title. The Lessor has good right, full power and authority under the Trust Agreement to convey, transfer and mortgage the Equipment to the Secured Party for the uses and purposes set forth in Section 16.1 hereof and the Lessor will warrant and defend the title thereto against all claims and demands of persons claiming by, through or under the Lessor (excepting only the right, title and interest of the Lessee under this Agreement and of persons claiming by, through or under the Lessee).

21.3. Further Assurances. The Lessor will, at its own expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the mortgaged property, or property intended so to be, whether now owned or hereafter acquired.

21.4. Recordation and Filing. The Lessor will cause this Agreement and all supplements hereto, all supplements thereto, and all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its own expense in such manner and in such places as may be required by law in order fully to preserve and protect the rights of the Secured Party hereunder,

and will at its own expense furnish to the Secured Party promptly after the execution and delivery of this Agreement and of each supplement hereto, an opinion of counsel stating that in the opinion of such counsel this Agreement or such supplement, as the case may be, has been properly recorded or filed for record so as to make effective of record the lien intended to be created hereby.

21.5. Modifications of Sections 1 through 20. The Mortgagor will not:

(a) declare a default or exercise the remedies of the Lessor under Section 14 hereof, or terminate, modify or accept a surrender of, or offer or permit any termination, modification, surrender or termination of, any rights, duties or obligations of the Lessee under Sections 1 through 20 hereof (except as otherwise expressly provided herein) or by affirmative act consent to the creation or existence of any mortgage or other lien to secure the payment of indebtedness upon the leasehold estate of the Lessee; or

(b) receive or collect or permit the receipt or collection of any rental payment under Section 2 or Section 11 hereof prior to the date for payment thereof provided for by the Lease or assign, transfer or hypothecate (other than to the Secured Party hereunder) any such rental payment then due or to accrue in the future except that this restriction shall not apply to the initial installment of Fixed Rental under Section 2 hereof; or

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

21.6. Power of Attorney in respect of the Lease. The Lessor does hereby irrevocably constitute and appoint the Secured Party, its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all rents, income and other sums which are assigned under Division II of Section 16.1 hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Lessor could itself do, and to endorse the name of the Lessor on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the

Lessor, or otherwise, which the Secured Party may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Lease or which may be necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such rents and other sums and the security intended to be afforded hereby.

SECTION 22. RELEASE OF PROPERTY:

22.1. Release of Property. So long as no default referred to in Section 14 hereof has occurred and is continuing, the Secured Party shall execute a release in respect of (i) any Item of Equipment designated by the Lessee for settlement pursuant to Section 11 hereof upon receipt from the Lessee of written notice designating the Item of Equipment in respect of which the lease term will terminate and the receipt from the Lessee of the Casualty Value payment for such Item of Equipment in compliance with Section 11 hereof, or (ii) any Item of Equipment purchased by the Lessee pursuant to Section 6 of the Acquisition Agreement upon receipt from the Lessee of the total amount of the purchase price provided for by clause (iii) of said Section 6.

SECTION 23. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURED PARTY.

23.1. Application of Rents. As more fully set forth in Division II of Section 16.1 hereof the Lessor has assigned and granted to the Secured Party a security interest in rents, issues, profits, income and other sums due and to become due from the Lessee under this Agreement and the Acquisition Agreement in respect of the Equipment as security for the Notes. So long as no event of default as defined in Section 24 hereof has occurred and is continuing.

(a) The amounts from time to time received by the Secured Party which constitute payment of the installments of Fixed Rental under Section 2 hereof shall be applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Notes which have matured or will mature on or before the due date of the installments of Fixed Rental which are received by the Secured Party, and then the balance, if any, of such amounts shall be paid to or upon the order of the Debtor; and

(b) The amounts from time to time received by the Secured Party which constitute settlement by the Lessee of the "Casualty Value" for any Item of Equipment pursuant to Section 11 hereof shall be

paid and applied on the Notes, all to such manner and in such amounts so that after giving effect to such application and the release of the Item of Equipment from this Agreement:

(i) The aggregate principal amount remaining unpaid on the Notes does not exceed the "Present Value of Rents" as hereinafter defined in respect of all other Equipment which then remains subject to this Agreement; and

(ii) Each of the remaining installments of the Notes shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of the Notes immediately prior to the prepayment.

Any amounts in excess of the "Present Value of Rents" as hereinafter defined in respect of any Item of Equipment for which settlement is made by the Lessee pursuant to Section 11 hereof shall be released to or upon the order of the Lessor; and

(c) The amount received by the Secured Party which constitutes payment of the purchase price of the Equipment pursuant to Section 6 of the Acquisition Agreement shall be applied first, to the payment of the outstanding principal amount of the Notes, plus accrued interest thereon, but without premium, and the balance, if any, of such amounts, shall be paid to or upon the order of the Mortgagor.

23.2. Multiple Notes. If more than one Note is outstanding at the time any application is made pursuant to Section 4.1, the application shall be made on all outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon and on the installments of each Note, respectively, in the manner provided for by paragraphs (a) and (b) of Section 3.1.

23.3. Present Value of Rents. The term "Present Value of Rents" for any Item of Equipment shall mean as of any date an amount equal to the aggregate Fixed Rental in respect of such Item (after deducting from the second through the tenth installments thereof an amount equal to 1.033525 % of the total cost of such Item) reserved for the balance of the term originally provided for in the Lease and remaining unpaid as of the close of business on such date, discounted on the basis of a 10-1/8% per annum interest factor compounded semiannually to the respective dates on which the Fixed Rental is payable, with all such discounts to be computed on the basis of a 360-day year of 12 30-day months.

23.4. Default. If an event of default referred to in Section 24 hereof has occurred and is continuing, all amounts received by the Secured Party pursuant to Section 16.1 hereof shall be applied in the manner provided for in Section 24 in respect of proceeds and avails of the mortgaged property.

SECTION 24. DEFAULTS AND OTHER PROVISIONS.

24.1. Events of Default. The term "event of default" for all purposes of this Part II and the enforcement of the Secured Party of rights and remedies against the Lessor shall mean one or more of the following:

(a) Default in payment of an installment of the principal of, or interest on, any Note when and as the same shall become due and payable, whether at the due date thereof or at the date fixed for prepayment or by acceleration or otherwise, and any such default shall continue unremedied for 15 calendar days; or

(b) An event of default as set forth in Section 14 hereof; or

(c) Default on the part of the Lessor or the Agent in the due observance or performance of any covenant or agreement to be observed or performed by either the Mortgagor or said Agent under this Mortgage or the Loan Agreement, and such default shall continue unremedied for 30 calendar days; or

(d) Any representation or warranty made herein or in the Loan Agreement or in any report, certificate, financial or other statement furnished in connection with this Agreement or the Loan Agreement, or the transactions contemplated thereby shall prove to be false or misleading in any material respect; or

(e) Any claim, lien or charge (other than the rights and interests of the Lessee and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment which is prior to or on a parity with the lien of the Secured Party under this Agreement, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Secured Party or the holder of any Note to the Lessor and the Lessee demanding the discharge or removal thereof.

24.2. Secured Party's Rights. The Lessor agrees that when any "event of default" as defined in Section 24.1 has occurred and is continuing, but subject always to Section 26 hereof, the Secured Party shall have the rights, options, duties and remedies of a secured party, and the Lessor shall have the rights and duties of a debtor, under the Uniform Commercial Code (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute.

(a) The Secured Party may, by notice in writing to the Lessor declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under this Agreement, the Secured Party personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to take immediate possession of the mortgaged property, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Lessor, with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same, or use and operate or lease the same until sold;

(c) Subject always to the then existing rights, if any, of the Lessee under this Agreement, the Secured Party may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Lessor once at least ten days prior to the date of such sale, and any other notice which may be required by law, sell and dispose of said mortgaged property, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Secured Party may determine, and at any place (whether or not it be the location of the mortgaged property or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time

and place appointed for such sale or sales, or for any such adjourned sale or sales, without further published notice, and the Secured Party or the holder or holders of the Notes or of any interest therein may bid and become the purchaser at any such sale;

(d) The Secured Party may proceed to protect and enforce its rights under this Agreement and the Notes by suit or suits or proceedings in equity, at law, or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the mortgaged property or any part thereof, or, subject to the provisions of Section 26 hereof, for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper legal or equitable remedy available under applicable law;

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Secured Party may proceed to exercise all rights, privileges and remedies of the Lessor under Sections 1 through 20 of this Agreement, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Lessor for the use and benefit of the Secured Party.

24.3. Acceleration Clause. In case of any sale of the mortgaged property, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the provisions of this Section 24, the principal of the Notes if not previously due, and the interest accrued thereon, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Notes and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Notes including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

24.4. Waiver by Lessor. The Lessor covenants that it will not at any time insist upon or plead, or in any manner whatever claim or take any benefit or advantage of, any stay or extension law now or at any time hereafter in force, nor claim, take, nor insist upon any benefit or advantage of or from any law now or

hereafter in force providing for the valuation or appraisement of the mortgaged property or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, all benefit and advantage of any such law or laws, and covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Secured Party, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

24.5. Effect of Sale. Any sale, whether under any power of sale provided for in this Section 24 or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Lessor in and to the property sold shall be a perpetual bar, both at law and in equity, against the Lessor, its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Lessor, its successors or assigns (subject, however, to the then existing rights, if any of the Lessee under this Agreement).

24.6. Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the mortgaged property, or any part thereof, and the proceeds and the avails of any remedy under this Section 24 shall be paid to and applied as follows:

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

(b) To the payment of the amounts then due and unpaid on the Notes for principal and interest; and

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

24.7. Discontinuance of Remedies. In case the Secured Party shall have proceeded to enforce any right under this Section 24 by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Lessor, the Secured Party and the holders of Notes shall be restored to their former positions and rights hereunder with respect to the mortgaged property.

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

PART III

Miscellaneous Provisions Relating to Limitations on the Liability of the Lessor and the Agent, Notices, Governing Law, and Other Matters.

25. Limitations on Liability of the Lessor to the Lessee. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of George D. MacKay and Edward E. Castans are nevertheless each and every one of them made and intended not as personal representations, covenants and undertakings and agreements of them or for the purpose or with the intention of binding them personally, but are made and intended for the purpose of binding only the Trust as that term is used in the Trust Agreement; such Trust is the Lessor hereunder, and this Agreement is executed and delivered by George D. MacKay and Edward E. Castans, not in their own right but solely in the exercise of the powers conferred upon them as such Trustees; and no personal liability or personal responsibility is assumed by nor shall at any time be asserted or enforceable against such persons or the Agent on account of this Agreement or on account of any representation, covenant, undertaking or agreement of such persons or the Agent in this Agreement contained, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under said Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claims hereunder, may look to said Trust for satisfaction of the same.

THE TRUSTOR

26. Limitations on Liability of Lessor, Agent and Trustor to the Secured Party. Anything in this Agreement, the Loan Agreement, the Notes, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Secured Party, the holder of any Note, nor the successors or assigns of any of said persons, shall have any claim, remedy, or right to proceed (at law or in equity) against the Lessor in their respective individual capacities or against Manufacturers and Traders Trust Company, the Trustor or United States Leasing International, Inc.,the Agent, for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever, from any source other than the mortgaged property, including the sums due and to become due under the Agreement; and the Secured Party by its acceptance of this Agreement and the holders of the Notes by acceptance thereof waive and release any liability of the Lessor in their respective individual capacities, the Trustor and the Agent for and on account of such indebtedness or such liability and the Secured Party, and the holders of the Notes agree to look solely to the mortgaged property for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party under this Agreement to accelerate the maturity of the Notes upon a default hereunder; to bring suit and obtain a judgment against the Mortgagor on the Notes (provided that neither the Lessor in their respective individual capacities nor the Trustor nor the Agent shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the mortgaged property) or to foreclose the lien of this Agreement or otherwise realize upon the mortgaged property.

27. Successors and Assigns. Whenever any of the parties hereto is referred to, such reference shall be deemed to include the heirs, executors, administrators, successors and assigns of such party, and all the covenants, premises and agreements in this Agreement contained by or on behalf of any of the parties thereto, shall bind and inure to the benefit of the respective heirs, executors, administrators, successors and assigns of such party whether so expressed or not.

28. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Agreement shal not render any other provision or provisions herein contained unenforceable or invalid.

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

If to the Lessor:
Trustees under Canadian National Trust No. 1
c/o United States Leasing Corporation
1211 West 22nd Street
Oak Brook, Illinois 60521

If to the Agent:
United States Leasing International, Inc. (C.N. Trust No.1)
633 Battery Street
San Francisco, California 94111

If to the Lessee:
Canadian National Railway Company
935 Lagauchetiere Street West
Montreal, Canada
Attention: Treasurer

If to the Secured Party:
The Canada Life Assurance Company
330 University Avenue
Toronto 1, Ontario, Canada
Attention: Securities Department

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. A copy of any notice required or permitted to be given to the Lessor shall also be furnished in the same manner as above, addressed to the Agent and to:

Manufacturers and Traders Trust Company
Trustor under C.N. Trust No. 1
One M & T Plaza
Buffalo, New York 14240
Attention:

If any subsequent holder of any Note shall have presented the same to the Secured Party for inspection accompanied by a written designation of the address to which notice in respect of such Note is to be given, then wherever herein it is provided that

notice shall be given to the holder or holders of the Notes, the notice shall be addressed to such holder at the address so given but unless and until such subsequent holder or holders shall so present a Note to the Lessor and designate the address, all communications herein provided to be made or given to the holder or holders of the Notes shall be sufficiently given if addressed to the Secured Party at its address above given.

30. The Secured Party shall release the Mortgage and the lien granted by Section 16.1 hereof and all of its rights hereunder by proper instrument or instruments upon presentation of satisfactory evidence that all indebtedness secured hereby has been fully paid or discharged.

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

32. This Agreement shall be construed and enforced in accordance with and governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable statute, rule or regulation of the Dominion of Canada or the United States of America.

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

GEORGE D. MACKAY AND EDWARD E. CASTANS,
as Trustees under C.N. Trust No. 1

By Edward E. Castans
Trustee as aforesaid

LESSOR

CANADIAN NATIONAL RAILWAY COMPANY

By R. H. Turner
Its Vice-President

LESSEE

APPROVED AS TO FORM
ASST. GENERAL SOLICITOR

(corporate seal)

Attest:
Assistant Secretary

UNITED STATES LEASING INTERNATIONAL, INC.

By _____
Its Vice President

AGENT FOR LESSOR

(Corporate Seal)

Attest:

_____
Assistant Secretary

THE CANADA LIFE ASSURANCE COMPANY

_____
VICE-CHAIRMAN & DIRECTOR

By _____
Its ASSOCIATE TREASURER

SECURED PARTY

CHECKED BY

APPROVED FOR EXECUTION

(Corporate Seal)

Attest:

_____
Assistant Secretary

Attachments

Schedule 1 - Description of Equipment
Schedule 2 - Certificate of Acceptance
Schedule 3 - Casualty Value

STATE OF ILLINOIS)
) SS.
COUNTY OF DUPAGE)

On this 21st day of May, 1970, before me personally appeared Edward E. Castans, ~~to~~ me known to be one of the persons described in and who executed the foregoing instrument and he acknowledged that he executed the same as his free act and deed.

Kalliope K. Pry

KALLIOPE K. PRY

(Seal)

My Commission expires:

My Commission Expires August 31, 1972

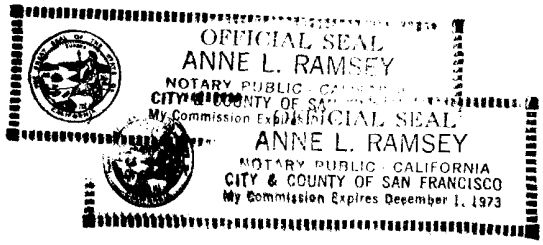
STATE OF CALIFORNIA)
) SS.
CITY AND COUNTY OF)
SAN FRANCISCO)

On this 22nd day of May, 1970, before me personally appeared W. H. RUSKAUP, to me personally known, who being by me duly sworn, says that he is a Vice President of UNITED STATES LEASING INTERNATIONAL, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, 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.

Anne L. Ramsey

(SEAL)

My Commission expires:



PROVINCE OF ONTARIO }
CITY OF TORONTO } SS.

E.C. Gill and

they are the Vice Chairman and Director ~~resp~~ and

On this 27th day of May, 1970, before me personally appeared J. G. FLEMING, to me personally known, who being by me duly sworn, says that ~~he is a Vice President~~ ASSOCIATE TREASURER of The Canada Life Assurance Company, that one of the seals, respectively affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and they acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Emil J. Petke

(SEAL)

My commission ~~expires:~~ is for life

PROVINCE OF QUEBEC)
) SS.
CITY OF MONTREAL)

On this 28th day of May, 1970, before me personally appeared R. W. Dair, to me personally known who being by me duly sworn, says that he is a Vice President of CANADIAN NATIONAL RAILWAY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, 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.

(SEAL)

My commission is for life.

SCHEDULE I-B2

MANUFACTURER: Hawker Siddeley Canada Ltd.

PLANT OF MANUFACTURER: Trenton, Nova Scotia

DESCRIPTION OF EQUIPMENT: 114 100-ton, 4,350 cu. ft. steel covered hopper cars, Serial Nos. CN 377136 - 377249, both inclusive (except CN 377197 and CN 377238) and CN 377253 and CN 377257

PRICE: (In Canadian Dollars) $2,232,656.94 (i.e. $19,584.71 per item)

DELIVER TO: Canadian National Railway Company, as designated by the Railroad.

OUTSIDE DELIVERY DATE: June 1, 1970

FIXED RENTAL PAYMENTS PER UNIT: Forty (40) semi-annual rental payments, each in advance, as follows

	In U.S. Dollars	In Canadian Dollar
First installment	$945.10	None
2nd thru 10th installment	188.75	$ 811.10
11th thru 40th installment	None	1,013.51

AGGREGATE RENTAL PAYMENTS FOR ALL 114 UNITS

	In U.S. Dollars	In Canadian Dollar
First installment	$107,741.40	None
2nd thru 10th installment	21,517.50	$92,465.40
11th thru 40th installment	None	$115,540.14

RENEWALS: None

All payments under this Schedule shall be made separately in United States dollars and in Canadian dollars in the amounts and to the extent set forth above.

In the event the final price of any Items covered by this Schedule is greater or less than the amount shown above or the conversion rate of U.S. Dollars to Canadian Dollars is greater or less than $.9325 US, the rentals expressed in both US and Canadian Dollars for such Item shall be ratably increased or reduced.

LESSEE: Canadian National Railway Company - Trust No. I
TRUSTOR: Manufacturer & Traders Trust Company
LENDER: The Canada Life Assurance Company

CERTIFICATE OF ACCEPTANCE

TO: George D. MacKay and Edward E. Castans, as Trustees under Trust Agreement dated as of March 16, 1970.

UNITED STATES LEASING INTERNATIONAL, INC., as Agent for the Trustees.

HAWKER SIDDELEY CANADA, LTD., as Manufacturer.

I, duly appointed inspector and authorized representative of Canadian National Railway Company ("Lessee") for the purpose of the Agreement to Acquire and Lease dated as of March 16, 1970 among George D. MacKay and Edward E. Castans, Trustees under the Trust Agreement dated March 16, 1970, as Lessor, United States Leasing International, Inc., as Agent for the Trustees, and the Lessee, and the Equipment Lease, Assignment, Chattel Mortgage and Security Agreement dated as of May 15, 1970 among the Trustees, the Agent, the Lessee and the Secured Party named therein, do hereby certify that I have inspected, received, approved and accepted delivery, on behalf of Lessee under said Agreements of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto and to all applicable Canadian Transport Commission and the United States Department of Transportation or other Canadian or United States agency governmental requirements and specifications.

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer of the Equipment for any warranties it has made with respect to the Equipment.

Dated: _____, 1970.

_____

Inspector and Authorized Representative of Canadian National Railway Company

SCHEDULE 2

SCHEDULE OF CASUALTY VALUE

Applicable to each of the 114 Units described on Lease Schedule I-B2.

After Rental Payment No.	Notwithstanding Section 11.5 of the Lease, Payable on Date and in lieu of Payment No.	To Lender In Canadian Dollars	To Trustor In U. S. Dollars
1	2	$16,460.94	$3,346.65
2	3	16,442.11	3,227.24
3	4	16,422.33	3,108.71
4	5	16,401.55	2,991.12
5	6	16,379.72	2,851.68
6	7	16,356.78	2,713.27
7	8	16,332.68	2,575.95
8	9	16,307.36	2,416.93
9	10	16,280.76	2,259.11
10	11	16,252.81	2,079.72
11	12	16,010.79	2,077.12
12	13	15,756.52	2,085.94
13	14	15,489.37	2,106.77
14	15	15,208.70	2,117.38
15	16	14,913.82	2,118.42
16	17	14,604.01	2,133.37
17	18	14,278.52	2,140.12
18	19	13,936.55	2,162.24
19	20	13,577.27	2,154.85
20	21	13,199.80	2,164.41
21	22	12,803.22	2,168.97
22	23	12,386.56	2,192.24
23	24	11,948.81	2,212.36
24	25	11,488.90	2,207.49
25	26	11,005.71	2,224.33
26	27	10,498.06	2,241.14
27	28	9,964.71	2,259.09
28	29	9,404.35	2,279.40
29	30	8,815.63	2,303.33
30	31	8,197.10	2,309.40

SCHEDULE OF CASUALTY VALUE - continued

After Rental Payment No.	Payable on Date and in Lieu of Payment No.	To Lender In Canadian Dollars	To Trustor In U. S. Dollars
31	32	$7,547.26	$2,344.66
32	33	6,864.52	2,364.95
33	34	6,147.22	2,394.64
34	35	5,393.60	2,435.36
35	36	4,601.83	2,466.00
36	37	3,769.98	2,511.19
37	38	2,896.02	2,572.82
38	39	1,977.81	2,630.06
39	40	1,013.12	2,684.98
40	On the expiration date of the Lease	------	2,739.40

TRUSTOR: MANUFACTURERS AND TRADERS TRUST COMPANY

LENDER: THE CANADA LIFE ASSURANCE COMPANY