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INTERSTATE COMMERCE COMMISSION

GUARANTY TRUST COMPANY OF CANADA

8.80% CN Equipment Loan Certificates,

Canadian Series A

EQUIPMENT LOAN

DECLARATION OF TRUST

made by

GUARANTY TRUST COMPANY OF CANADA

as executed on November 18, 1971

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THIS EQUIPMENT LOAN DECLARATION OF TRUST made
this 18th day of November, 1971.

BY:

GUARANTY TRUST COMPANY OF CANADA,
a trust company duly incorporated
under the laws of Canada,

(hereinafter called the "Trustee")

WITNESSETH THAT

RECITALS

WHEREAS Canadian National Railway Company (the
"Lessee"), the Trustee and Marine Industries Limited (the
"Manufacturer") by an agreement (the "Manufacturing Agreement")
have agreed to cause title to the railroad equipment (the "Units")
being manufactured for the Lessee by the Manufacturer pursuant to
the Manufacturing Agreement to be conveyed to the Trustee;

AND WHEREAS title to the Units is to be vested
in and is to be retained by the Trustee subject to the provisions
hereof and such Units are to be leased by the Trustee to the
Lessee by a Lease in the form of Schedule 3 hereto attached;

AND WHEREAS certain investors (the "Loan
Participants") have agreed to make loans to the Trustee, re-
payable in accordance with the provisions of this Equipment Loan
Trust Declaration, to be deposited with the Trustee and applied
in part payment of the Unit Cost of the Units, the remainder of
such Unit Cost to be paid by the purchaser (the "Company") under
the Conditional Sale Agreement provided for herein;

AND WHEREAS payment of the said Loans is to be made by the issue and sale to the Loan Participants of 8.80% CN Equipment Loan Certificates, Canadian Series A (the "Loan Certificates") in aggregate principal amount not exceeding \$4,227,000;

AND WHEREAS it is desired to secure to the holders of the Loan Certificates, whether in interim or definitive form, the payment of the principal thereof at their respective maturities, whether by declaration or otherwise, with interest to their respective maturities payable as provided therein, all as hereinafter provided, and to evidence the rights of the holders of such Loan Certificates;

DECLARATION

NOW THEREFORE, the Trustee hereby declares that it holds and will hold the Trust Estate for the ratable use and benefit of the holders of Loan Certificates, subject to and in accordance with all the directions, powers, limitations and other provisions contained herein.

ARTICLE ONE

INTERPRETATION

DEFINITIONS

Section 1.01. In this Trust Declaration the following terms (except as otherwise expressly provided or unless the context otherwise requires) shall have the respective meanings hereinafter specified:

- (a) "Accessions" shall mean with respect to any Unit or any item of Substituted Equipment means any and all additions thereto and parts installed or replaced thereon other than stakes and such other additions and parts as can be removed without damage to such Unit or item of Substituted Equipment and without impairing the originally intended function or use thereof;
- (b) "Casualty Occurrence" shall have the meaning defined in the Lease;

- (c) "Certificate of Acceptance" shall have the meaning defined in the Manufacturing Agreement;
- (d) "Company" shall mean the purchaser under the Conditional Sale Agreement and any successor purchaser thereunder;
- (e) "Conditional Sale Agreement" shall mean the conditional sale agreement substantially in the form of Schedule 4 hereto which the Trustee is authorized to execute and deliver by Section 8.01;
- (f) "Counsel" shall mean any barrister or solicitor or firm of barristers and solicitors retained by the Trustee;
- (g) "definitive Loan Certificates" shall mean the 8.80% CN Equipment Loan Certificates, Canadian Series A issued in definitive form pursuant to Sections 4.02, 4.03 and 4.04;
- (h) "Deposited Cash" shall mean the cash (excluding moneys received in respect of accrued interest, if any, with respect to the definitive Loan Certificates but including premiums) on deposit with the Trustee as provided in Section 2.01 and, when required or indicated by the context, any investments purchased by the use of such cash pursuant to the provisions of Section 3.04;
- (i) "Event of Default" shall have the meaning defined in the Lease;
- (j) "Exchange Date" shall mean the date referred to in Section 4.01 on which interim Loan Certificates are exchangeable for definitive Loan Certificates in accordance with the provisions of Sections 4.02 and 4.03;

- (k) "holder" when used with respect to Loan Certificates, shall mean the registered holder of such Loan Certificates;
- (l) "interim Loan Certificates" shall mean the 8.80% CN Equipment Loan Certificates, Canadian Series A issued in interim form pursuant to Sections 2.01 or 4.02;
- (m) "Lease" shall mean the Lease dated as of November 19, 1971 entered into by the Trustee as Lessor and the Lessee, substantially in the form of Schedule 3 hereto, as said Lease may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by and in accordance with the terms of this Trust; the term "Lease" shall also include each Lease Schedule from time to time delivered thereunder;
- (n) "Lease Schedule" shall have the same meaning as the term "Schedule" defined in the Lease;
- (o) "Lessee" shall mean the Lessee for the time being under the Lease or, as the context permits the lessee under any new or substituted Lease entered into pursuant to Section 6.03;
- (p) "Loan Certificates" shall mean and include the interim Loan Certificates and the definitive Loan Certificates or either of such Loan Certificates, as the context shall require;
- (q) "Loan Participants" shall mean the several investors which have agreed by the Loan Participation Agreements to make loans to the Trustee by purchasing Loan Certificates;
- (r) "Loan Participation Agreements" shall mean the agreements between McLeod, Young, Weir & Company Limited and the Loan Participants

whereby the Loan Participants agreed to make loans to the Trustee by purchasing Loan Certificates;

- (s) "Manufacturer" shall mean Marine Industries Limited;
- (t) "Manufacturing Agreement" shall mean the agreement dated as of November 19, 1971 between the Lessee, the Trustee and the Manufacturer providing for the manufacture of the Units and the conveyance of title thereto to the Trustee, subject to the provisions hereof;
- (u) "Rent" shall mean the rent (including any amount payable under paragraph 9 of the Lease or the similar provisions of any new or substituted Lease entered into pursuant to Section 6.03) received from the Lessee for the Units or any Substituted Equipment;
- (v) "Rent Assignment" shall mean the assignment of the right to receive Rent substantially in the form of Schedule 5 hereto which the Trustee is authorized to execute and deliver by Section 8.02;
- (w) "Security Deposit" shall mean the "Original Deposit" received by the Trustee pursuant to paragraph 20 of the Lease or, as the context requires, the "Remaining Deposit" thereunder;
- (x) "Stipulated Loss Value" shall have the meaning defined in the Lease;
- (y) "Substituted Equipment" shall mean railway equipment acquired by the Trustee pursuant to paragraph 6 of the Lease (or the equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03),

- together with all Accessions thereto;
- (z) "Trust Estate" shall mean all estate, right, title and interest of the Trustee in and to the Security Deposit, each Unit and item of Substituted Equipment, the Lease, any new or substituted lease entered into pursuant to Section 6.03, Deposited Cash, the Manufacturing Agreement and the Conditional Sale Agreement including without limitation, (i) all amounts of Rent, payments of Stipulated Loss Value, and indemnity or other payments of any kind for or with respect to any Unit or item of Substituted Equipment or otherwise, received under the provisions of the Lease, or of any new or substituted lease entered into pursuant to Section 6.03, (ii) any and all payments or proceeds received by the Trustee upon the termination of the Lease or any new or substituted lease entered into pursuant to Section 6.03 with respect to any Unit or item of Substituted Equipment as the result of the exercise of any option or termination agreement, (iii) all payments received under the Conditional Sale Agreement and (iv) any payments received by the Trustee stated hereby to be part of the Trust Estate;
- (aa) "Trust Supplement" shall mean any instrument supplemental to the Trust Declaration or ancillary hereto or in implement hereof;
- (bb) "Trustee" shall mean the trustee named in this Trust Declaration and includes any successor to the Trustee named herein;
- (cc) "Units" shall mean the items of railroad equipment described in Schedule "A" to the Lease and all Accessions thereto, and "Unit" shall mean one of such items and Accessions thereto;

- (dd) "Unit Cost" of a Unit shall have the meaning defined in the Lease;
- (ee) "Written Request" shall mean a written request signed in the name of the Company by the President or any Vice-President of the Company and by the Secretary or Treasurer or any Assistant Secretary or Assistant Treasurer of the Company;
- (ff) "this Trust", "this Trust Declaration", "this Declaration", "hereto", "herein", "hereby", "hereunder", "hereof", and similar expressions refer to this Equipment Loan Trust Declaration and not to any particular Article, Section, clause, sub-division or other portion hereof, and include any and every Trust Supplement;
- (gg) words importing the singular number only shall include the plural, and vice versa, and words importing the neuter gender or masculine gender shall include respectively the masculine and feminine genders and the feminine and neuter genders and words importing persons shall include firms and corporations, and vice versa.

HEADINGS

Section 1.02. The headings of all the Articles and Sections hereof and the Table of Contents are inserted for convenience of reference only and shall not affect the construction or interpretation of this Trust.

GOVERNING LAW

Section 1.03. This Trust and the Loan Certificates shall be construed in accordance with the laws of the Province of Ontario and the Loan Certificates shall be treated in all respects as Ontario contracts.

ARTICLE TWO

INTERIM LOAN CERTIFICATES

ISSUANCE OF INTERIM LOAN CERTIFICATES

Section 2.01. The net proceeds (including any moneys received in respect of accrued interest on the definitive Loan

Certificates, which shall form part of the Trust Estate, and premium) of the sale of interim Loan Certificates to the Loan Participants shall, forthwith upon the issuance thereof, be deposited in cash with the Trustee.

Thereupon, without waiting for the recording or filing of this Agreement or of any other instrument respecting the Units, the Trustee shall issue and deliver to each Loan Participant interim Loan Certificates (exchangeable for definitive Loan Certificates of the maturities and principal amounts provided in the Loan Participation Agreement with such Loan Participant) registered as provided in such Loan Participation Agreement or as such Loan Participant may direct the Trustee in writing by not less than 3 days' written notice. The aggregate principal amount of interim Loan Certificates to be executed and delivered by the Trustee shall not exceed \$4,227,000.

TERMS OF INTERIM LOAN CERTIFICATES

Section 2.02. The principal of, and premiums on, each interim Loan Certificate shall become due and payable in lawful money of Canada at the principal office of the Trustee in the City of Toronto on January 5, 1972 unless prior thereto such interim Loan Certificate shall have been exchanged for a definitive Loan Certificate or Certificates as provided in Sections 4.02 and 4.03. The interim Loan Certificates shall not bear interest but shall be entitled to be redeemed at maturity at redemption prices equal to the following percentages of the applicable principal amount thereof:

<u>Maturities of definitive Loan Certificates for which Interim Loan Certificates are exchangeable</u>	<u>Percentage of Applicable Principal Amount of Interim Loan Certificate</u>
May 19, 1973	101.512 %
November 19, 1973	101.641
May 19, 1974	101.763
November 19, 1974	101.883
May 19, 1975	101.995
November 19, 1975	102.105
May 19, 1976	102.208
November 19, 1976	102.309
May 19, 1977	102.404
November 19, 1977	102.497
May 19, 1978	102.584
November 19, 1978	102.670
May 19, 1979	102.750
November 19, 1979	102.829
May 19, 1980	102.903
November 19, 1980	102.975

<u>Maturities of definitive Loan Certificates for which Interim Loan Certificates are exchangeable</u>	<u>Percentage of Applicable Principal Amount of Interim Loan Certificate</u>
May 19, 1981	103.043 %
November 19, 1981	103.110
May 19, 1982	103.173
November 19, 1982	99.764
May 19, 1983	99.728
November 19, 1983	99.692
May 19, 1984	99.658
November 19, 1984	99.626
May 19, 1985	99.595
November 19, 1985	99.566
May 19, 1986	99.538
November 19, 1986	99.511
May 19, 1987	99.485

The interim Loan Certificates shall bear interest on overdue principal and premium (if any) at the rate of 8.80% per annum. The interim Loan Certificates issued on original issue shall be exchangeable for definitive Loan Certificates as provided in Sections 4.02 and 4.03 and the interim Loan Certificates and the form of registration thereof shall be substantially in the form set forth in Schedule I hereto (provided that any interim Loan Certificates issued pursuant to Section 4.02 shall not contain the third and fourth paragraphs of the said form and shall not state that such Loan Certificate is non-transferable). The interim Loan Certificates shall be non-transferable prior to the Exchange Date and shall be in multilithed, printed or typewritten form executed under the corporate seal of the Trustee by the manual signatures of any two of its Authorized Signing Officers and may be issued in fully registered form only in any denomination which is an integral multiple of \$0.01. Interim Loan Certificates issued on the Exchange Date pursuant to Section 4.02 (a) shall be transferable in accordance with the provisions of Section 4.09, mutatis mutandis.

NOTIFICATION OF DEFICIENCY TO LESSEE

Section 2.03. On or before January 5, 1972 the Trustee shall notify the Lessee of the difference (calculated on a pro-rata basis) between the aggregate of the redemption prices required to be paid at maturity on the interim Loan Certificates to be outstanding on January 5, 1972 (by reason of the exclusion of Units pursuant to Section 4.02(b)) and the amount of Deposited Cash applicable thereto.

PAYMENT OF INTERIM LOAN CERTIFICATES

Section 2.04. If the moneys in the Trust Estate on January 5, 1972 shall be sufficient for the payment of the redemption prices then payable on the interim Loan Certificates, the Trustee shall set aside an amount thereof sufficient for such payment in its deposit department or shall deposit said amount in any chartered bank in Canada and upon and after such setting aside or deposit such interim Loan Certificates shall no longer be deemed to be outstanding hereunder or entitled to the benefits of this Agreement except for the right of the holders thereof to receive such redemption prices (together with such interest thereon, if any, as the deposit department of the Trustee or such chartered bank may allow) against presentation and surrender to the Trustee of such interim Loan Certificates. All interim Loan Certificates so surrendered (and interim Loan Certificates surrendered pursuant to Section 4.04 (b)) shall be cancelled and no other interim Loan Certificates shall be issued in place thereof.

REPLACEMENT OF LOST INTERIM LOAN
CERTIFICATES

Section 2.05. If any interim Loan Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms set forth in Section 4.11, mutatis mutandis, and not otherwise, the Trustee shall execute and deliver a new interim Loan Certificate of like tenor and date, in exchange and substitution for, and upon cancellation of, the mutilated or defaced interim Loan Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen.

ARTICLE THREE

INCLUSION OF UNITS IN TRUST ESTATE: DEPOSITED CASH

TRUST SUPPLEMENTS

Section 3.01. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease the Trustee shall execute a Trust Supplement including the Units described in such Lease Schedule as part of the Trust Estate. The Trustee shall also promptly after its acquisition

thereof execute a Trust Supplement including any Substituted Equipment as part of the Trust Estate.

DELIVERY AND PAYMENT OF UNITS

Section 3.02. If prior to January 1, 1972 any Units are delivered to the Lessee the Trustee shall, upon the Written Request referred to in Section 3.03 and subject to the other conditions set forth in Section 3.03, pay out of Deposited Cash to the Manufacturer an amount specified in such Written Request not exceeding 80% of the aggregate of the Unit Costs of the Units referred to therein.

CONDITIONS TO PAYMENTS OUT OF DEPOSITED CASH

Section 3.03. The obligation of the Trustee to pay out of Deposited Cash any part of the Unit Cost of any Unit shall be subject to the prior or contemporaneous fulfillment of the following conditions:

- (a) the receipt by the Trustee of a Written Request requesting such payment and describing such Unit and setting forth the Unit Cost thereof and the portion thereof (not to exceed 80%) to be paid out of Deposited Cash;
- (b) the payment by the Company, on behalf of the Trustee (by way of Down Payment under the Conditional Sale Agreement), and (as to any excess over Unit Cost) by the Lessee to the Manufacturer of the balance of the purchase price for such Unit;
- (c) the delivery to the Trustee of the acknowledgment of the Manufacturer of receipt of the entire purchase price for such Unit and the Certificate of Acceptance, invoice, bill of sale and opinion relating thereto provided for in the Manufacturing Agreement;
- (d) the delivery to the Trustee by the Lessee of the opinion required by paragraph 13 of the Lease;
- (e) the execution and delivery of the Lease Schedule and the execution of the Trust Supplement

required by Section 3.01 hereof with respect to such Unit; and

- (f) the receipt by the Trustee of an opinion or opinions of Counsel to the effect that the Lease and Trust Declaration (together with the Lease Schedule and Trust Supplement referred to in the foregoing paragraph (e) of this Section) have been duly deposited in the office of the Registrar General of Canada and duly filed and recorded with the Interstate Commerce Commission of the United States of America.

INVESTMENT OF DEPOSITED CASH

Section 3.04. Until January 5, 1972, Deposited Cash shall be invested and reinvested by the Trustee in direct or guaranteed obligations of the Government of Canada or any Province of Canada and/or in certificates of deposit and/or time deposits of any Canadian chartered bank or Canadian trust company. Interest or other proceeds accruing on or arising from any such investment will also be invested by the Trustee as aforesaid. Any balance of Deposited Cash remaining after the setting aside or deposit by the Trustee provided for in Section 2.04 shall thereupon be remitted by the Trustee to the Lessee.

ARTICLE FOUR

DEFINITIVE LOAN CERTIFICATES

NOTIFICATION OF EXCHANGE DATE

Section 4.01. On or before December 13, 1971, the Trustee shall give to the holders of interim Loan Certificates not less than 10 days notice of the date (the "Exchange Date") being December 31, 1971, on which the holders of interim Loan Certificates are to be entitled to exchange the same for definitive Loan Certificates as provided herein. Such notice shall set forth the number of Units in respect of which Written Requests shall have been received by the

Trustee pursuant to Section 3.02 and 3.03 hereof and the Unit Cost thereof and shall state that the interim Loan Certificates will be exchangeable at the time and place specified in such notice on the Exchange date for definitive Loan Certificates of the maturities and in the amounts herein and therein provided. Each holder of an interim Loan Certificate so desiring to exchange the same shall give the Trustee written or telegraphic notice of its intention to do so not later than 3 business days prior to the Exchange Date so notified.

EXCHANGE RIGHT; EXCLUSION OF UNITS

Section 4.02. (a) Subject as hereinafter provided, each Loan Participant shall have the right to exchange on the Exchange Date all (and not part of) each interim Loan Certificate held by it for definitive Loan Certificates of the maturities and principal amounts provided in the Loan Participation Agreement with such Loan Participant; provided, however, that if any of the Units shall have suffered a Casualty Occurrence and not been replaced in accordance with the Lease prior to December 29, 1971 or if less than all of the Units shall have been delivered and paid for prior to December 29, 1971 in accordance with Sections 3.02 and 3.03 hereof, such unreplaced Units and such undelivered and/or unpaid for balance of the Units shall be excluded from the operation of this Section 4.02 (a) and the principal amount of each maturity of the definitive Loan Certificates for which such interim Loan Certificate is exchangeable shall be reduced to the sum of the products obtained by multiplying the "amount per Unit" for each class of Unit specified for such maturity in Column II of the Loan Participation Agreement Schedule "A" applicable to such interim Loan Certificate by the number of Units of the applicable class not so excluded and the Trustee shall execute and deliver to such Loan Participant in accordance with the provisions of Article Two, mutatis mutandis, for each such interim Loan Certificate a new transferable interim Loan

Certificate in a principal amount equal to the "amount per Unit" in said Schedule "A" for each class of Unit multiplied by the number of Units of the applicable class which have been so excluded, which shall be entitled to be redeemed at the same redemption price at maturity as that to which the un-exchanged portion of such interim Loan Certificate would have been entitled in accordance with the provisions of Section 2.02.

(b) Units which shall have suffered a Casualty Occurrence and not been replaced in accordance with the Lease on or before December 31, 1971 and Units which have not been delivered and paid for in accordance with Sections 3.02 and 3.03 hereof on or before January 5, 1972 shall be excluded from the operation of this Trust.

(c) If any Loan Participant shall fail for any reason to exchange its interim Loan Certificate as in this Section 4.02 and in Section 4.03 provided the Trustee shall issue on the Exchange Date the definitive Loan Certificates for which such interim Loan Certificates were exchangeable subject to, and in accordance with, the provisions of Section 4.04 (a).

EXCHANGE PROCEDURE

Section 4.03. In order to exchange any interim Loan Certificate the Loan Participant holding the same shall surrender it at the time on the Exchange Date specified in the notice given pursuant to Section 4.01 at the principal office of the Trustee in the City of Toronto, Canada against delivery to such Loan Participant of the definitive Loan Certificates for which such interim Loan Certificate is exchangeable together with the transferable interim Loan Certificate, if any, issuable pursuant to Section 4.02 (a). Such surrender shall release the Trustee and the Trust Estate from all liability upon the exchange interim Loan Certificates so surrendered and such interim Loan Certificates shall be cancelled and, except as provided in Section 4.02 (a), no interim Loan Certificate shall be issued in place thereof.

ISSUE OF DEFINITIVE LOAN CERTIFICATES

Section 4.04. In addition to the definitive Loan Certificates issued in exercise of the exchange right in accordance with Sections 4.02 (a) and 4.03 the Trustee may execute, issue and deliver on and in accordance with a Written Request (a) on the Exchange Date definitive Loan Certificates of the maturities and principal amounts for which any interim Loan Certificate was then exchangeable in accordance with Section 4.02 (a) and which was not then surrendered for exchange in accordance with Section 4.03, against receipt by the Trustee of cash (which shall form part of the Trust Estate) equal to the redemption price at which such interim Loan Certificate is redeemable at maturity and (b) after the Exchange Date and up to and including January 5, 1972 definitive Loan Certificates of the maturities and principal amounts for which any transferable interim Loan Certificate issued pursuant to Section 4.02 (a) would have been exchangeable on the Exchange Date had such interim Loan Certificate been issued pursuant to Section 2.01 and had the Units which were delivered and paid for in accordance with Sections 3.02 and 3.03 or replaced in accordance with the Lease on and after December 29, 1971 and up to and including December 31, 1971 been so delivered and paid for or replaced prior to December 29, 1971, against surrender to the Trustee for cancellation of the said transferable interim Loan Certificate.

The aggregate principal amount of Loan Certificates of each maturity executed and delivered by the Trustee shall not exceed that provided in this Section and in the first paragraph of Section 4.02, except as provided in Sections 4.09, 4.11 and 5.05.

TERMS OF DEFINITIVE LOAN CERTIFICATES

Section 4.05. The definitive Loan Certificates hereby authorized shall be designated 8.80% CN Equipment Loan Certificates, Canadian Series A, shall be dated November 19, 1971 and shall mature serially as follows:

May 19, 1973	\$ 75,000	November 19, 1980	\$ 143,000
November 19, 1973	78,000	May 19, 1981	149,000
May 19, 1974	82,000	November 19, 1981	155,000
November 19, 1974	85,000	May 19, 1982	162,000
May 19, 1975	89,000	November 19, 1982	170,000
November 19, 1975	93,000	May 19, 1983	177,000
May 19, 1976	97,000	November 19, 1983	185,000
November 19, 1976	101,000	May 19, 1984	193,000
May 19, 1977	106,000	November 19, 1984	201,000
November 19, 1977	110,000	May 19, 1985	210,000
May 19, 1978	115,000	November 19, 1985	219,000
November 19, 1978	120,000	May 19, 1986	229,000
May 19, 1979	125,000	November 19, 1986	240,000
November 19, 1979	131,000	May 19, 1987	250,000
May 19, 1980	137,000		

Each definitive Loan Certificate shall bear interest from its date or from the last interest payment date on which interest has been paid or made available for payment on the outstanding definitive Loan Certificates, whichever is later, at the rate of ^{8.00}8.00% per annum (after as well as before maturity and after as well as before default, with interest on overdue interest at the same rate) payable half yearly, on May 19 and November 19, in each year.

The principal of the definitive Loan Certificates and interest thereon shall be payable, subject to Section 4.06, in lawful money of Canada at any branch in Canada of the Bank of Montreal at the option of the respective holders thereof.

LOAN CERTIFICATES PAYABLE

ONLY OUT OF TRUST ESTATE

Section 4.06. All payments to be made on the Loan Certificates and under this Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six hereof. Each holder of a Loan Certificate, by its acceptance of such Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to such holder as above provided and that none of the Lessee, the Company and the Trustee is personally liable to the holder of any Loan Certificate for any amounts payable under such Loan Certificate or, subject to Section 7.02 hereof, this Loan Agreement.

FORM OF DEFINITIVE LOAN CERTIFICATES

Section 4.07. Definitive Loan Certificates shall be issued in any denomination which either is an integral multiple of \$1,000 or is less than \$1,000 and is an integral multiple of \$0.01 in fully registered form only registered on original issue as provided in the applicable Loan Participation Agreement or as the respective Loan Participant may direct the Trustee by not less than 3 days written notice. The definitive Loan Certificates shall be substantially in the form set forth in Schedule 2 hereto and shall be printed, multilithed or typewritten.

EXECUTION OF DEFINITIVE LOAN CERTIFICATES

Section 4.08. The definitive Loan Certificates shall be signed in the name and on behalf of the Trustee under its corporate seal by the manual signatures of any two of its Authorized Signing Officers. In case any officer of the Trustee whose signature shall appear on any of the Loan Certificates shall cease to be such officer of the Trustee before the Loan Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Loan Certificates, such Loan Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

REGISTRATION, TRANSFER ETC. OF LOAN CERTIFICATES

Section 4.09.

- (a) The definitive Loan Certificates shall be registered, as to both principal and interest, in the name of the holder, shall be transferable upon presentation and surrender thereof for transfer at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, accompanied by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered definitive Loan Certificate or

Certificates or by duly authorized attorney, in form satisfactory to the Trustee. The registration particulars of any transferee shall be noted by the Trustee on the Loan Certificate so surrendered unless a new Loan Certificate is issued upon such transfer at the request of such transferee.

- (b) The several maturities and denominations of definitive Loan Certificates shall be interchangeable in authorized denominations of the same maturity at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, provided that no definitive Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000 but definitive Loan Certificates of denominations less than \$1,000 may be aggregated and exchanged for one or more Loan Certificates of a denomination of \$1,000 or any integral multiple thereof and a single Loan Certificate of a denomination of less than \$1,000.
- (c) The Trustee shall cause to be kept at its principal office in the City of Toronto and the City of Montreal, Canada books for the registration and transfer of the definitive Loan Certificates and for the registration of interim Loan Certificates.
- (d) For any transfer or exchange the Trustee shall require the payment of a sum sufficient to reimburse it for its expenses and any governmental charge connected therewith, provided that no payment shall be required from any Loan Participant in respect of the Trustee's such expenses.

- (e) The Trustee shall not be required (i) to transfer or exchange any Loan Certificate for a period of ten days immediately preceding any interest payment date, or (ii) to issue, transfer or exchange any Loan Certificate during a period of ten days before any selection of Loan Certificates to be redeemed pursuant to Section 5.03 or (iii) to transfer or exchange any Loan Certificates called or being called for redemption in whole or in part.

PERSONS ENTITLED TO PAYMENT

Section 4.10. As the interest on the Loan Certificates becomes payable (except interest payable at maturity or on redemption which shall be paid upon presentation of Loan Certificates for payment) the Trustee, subject to Section 4.06, at least one day prior to each date on which interest on such Loan Certificates becomes due, shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its address in the register provided for in Section 4.09 (or such other address as shall be specified in a written notice to the Trustee signed by such holder or by all such joint holders) a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places at which interest on the Loan Certificates is payable. The forwarding of such cheque shall satisfy and discharge the liability hereunder for the amount of the payment represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation; provided that in the event of non-receipt or loss or destruction of such cheque the Trustee shall, upon being furnished with reasonable evidence of such non-receipt, loss or destruction and indemnity reasonably satisfactory to it, issue or cause to be issued to such holder or holders a replacement cheque for the like amount.

The Trustee may deem and treat the person in whose name any Loan Certificate shall have been issued and registered by the Trustee as the absolute owner of such Loan Certificate for the purpose of receiving payment of all amounts payable by the Trustee with respect to such Loan Certificate and for all other purposes, and the Trustee shall not be affected by any notice to the contrary.

LOST OR DESTROYED DEFINITIVE LOAN CERTIFICATES

Section 4.11. In case any definitive Loan Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new definitive Loan Certificate of like maturity, tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancellation of, the mutilated or defaced definitive Loan Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The applicant for a new definitive Loan Certificate shall furnish to the Trustee evidence to its satisfaction of the loss, destruction or theft of such Loan Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Loan Certificate, and also shall furnish such security or indemnity as may be required by the Trustee in its discretion, and shall pay all expenses and charges of such substitution or exchange.

NO INTEREST IN TRUST ESTATE

AFTER PAYMENT IN FULL

Section 4.12. A holder of a Loan Certificate shall have no further beneficial interest in, or other right with respect to, the Trust Estate when and if the principal of, premium, and interest, if any, on all Loan Certificates

held by such holder and all other sums payable to such holder hereunder and under such Loan Certificates shall have been paid in full, and in such event the Trustee shall convey to the Company title to all the Units and Substituted Equipment.

ARTICLE FIVE

DISTRIBUTIONS OUT OF TRUST ESTATE;

REDEMPTION OF LOAN CERTIFICATES

SECURITY DEPOSIT AND RENT .

Section 5.01. Except as otherwise provided in Section 2.04 and Article Six, the Security Deposit shall be held by the Trustee for the benefit of the Company on the following conditions. Such Security Deposit shall be invested and reinvested from time to time by the Trustee until January 5 , 1972 in the same manner as is provided in Section 3.04 with respect to Deposited Cash and thereafter in such securities as are mutually acceptable to the Trustee and the Company. Interest or other proceeds accruing on or arising from any such investment will be also invested by the Trustee as aforesaid at such times as are reasonably practicable. The Trustee shall make such refunds of the Security Deposit or portions thereof as are provided for in paragraph 20 of the Lease and, after January 5 , 1972 (subject to the prior payment in full of interim Loan Certificates in accordance with Section 2.04) may pay the Security Deposit (and any interest or other proceeds of the investment thereof) to the Company subject to the applicable provisions of the Lease.

Except as otherwise provided in Article Six or this Section 5.01, each payment of Rent as well as any payment of interest on overdue instalments of Rent, if received by the Trustee at any time prior to the execution and delivery of the Conditional Sale Agreement, shall be distributed by the Trustee on and after the date such payment is received from the Lessee in the order of priority set forth in Section 5.02, and if received by the Trustee

at any time after the execution and delivery of the Conditional Sale Agreement shall be distributed by the Trustee on and after the date such payment is received from the Lessee to the Company pursuant to the Rent Assignment.

Rent received pursuant to paragraph 2(b) of the Lease shall be applied by the Trustee to the payment of interim Loan Certificates in accordance with Section 2.04 hereof.

PAYMENTS UNDER CONDITIONAL SALE AGREEMENT

Section 5.02. Except as otherwise provided in Article Six each payment received under the Conditional Sale Agreement as well as any payment of interest on overdue payments shall be distributed by the Trustee on and after the date such payment is received from the Company in the following order of priority: (1st) so much of such payment as shall be required to pay in full the aggregate amount of interest then due on all Loan Certificates then outstanding to the holders of such Loan Certificates ratably, without priority of one over the other, in the proportion that the amount of interest then due on each such Loan Certificate bears to the aggregate amount of interest then due on all such Loan Certificates; (2nd) so much of such payment as shall be required to pay in full the aggregate amount of principal then due on all Loan Certificates matured or maturing on the maturity date next following the due date of such payment under the Conditional Sale Agreement to the holders of such Loan Certificates ratably, without priority of one over the other, in the proportion that the amount of principal then due on each such Loan Certificate bears to the aggregate amount of principal then due on all such Loan Certificates and, (3rd), the balance, if any, of such payment remaining thereafter shall be distributed to the Company.

APPLICATION OF MONEYS RECEIVED ON
CASUALTY OCCURRENCE

Section 5.03. Except as otherwise provided in Article Six or this Section 5.03 any payment received by the Trustee from the Lessee pursuant to paragraph 6 of the Lease (or the equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03) as the result of a Casualty Occurrence or similar event with respect to a Unit or item of Substituted Equipment, shall be distributed by the Trustee in the following order of priority: (1st) so much of such payment as shall be required to reimburse the Trustee for any expenses not reimbursed by the Lessee in connection with any such Casualty Occurrence or similar event or with the collection or distribution of such payment shall be distributed to the Trustee; (2nd) 75% of the Stipulated Loss Value or 80% of the similar payment provided for in any new or substituted lease entered into pursuant to Section 6.03, as the case may be (without deducting any distribution pursuant to the foregoing subdivision (1st)) included in any such payment and together with such further portion of such payment as shall be sufficient to pay accrued interest at the rate borne by the Loan Certificates on the principal amount thereof to be redeemed out of such percentage of such Stipulated Loss Value or similar payment shall be distributed to the holders of Loan Certificates by way of redemption thereof at 100% of the principal amount thereof plus accrued interest to the date fixed for redemption, in accordance with the provisions of Sections 5.04 to 5.06, inclusive, and (3rd) the balance, if any, of such payment remaining thereafter shall be distributed to the Company pursuant to the provisions of the Conditional Sale Agreement.

Any payment of Stipulated Loss Value received or receivable prior to the Exchange Date shall be applied, firstly as provided in "(1st)" of the foregoing paragraph,

secondly, to the payment of interim Loan Certificates in accordance with Section 2.04 and lastly as to any balance and subject to the said prior payment in full of the interim Loan Certificates, as provided in "(3rd)" of the preceding paragraph.

SELECTION OF LOAN CERTIFICATES

FOR REDEMPTION

Section 5.04. Loan Certificates to be redeemed out of a payment of Stipulated Loss Value or similar amount as provided in Section 5.03 shall be selected by the Trustee by allocating the amount to be applied to such redemption firstly among the outstanding Loan Certificates of a principal amount of less than \$1,000 and, as to any balance, among the other outstanding Loan Certificates. Such allocations shall be made as near as may be pro rata according to principal amount of each maturity provided that in making such allocation the Trustee may make such adjustments as it may deem appropriate including such adjustments as may be required to take account of the accrued interest to be payable upon redemption and shall make such adjustments as it may deem advisable to the end that as many Loan Certificates of a principal amount of less than \$1,000 as possible shall be redeemed and, subject as hereinafter provided the Loan Certificates of any particular maturity which are to be redeemed shall be selected by the Trustee by lot or any other means which it considers appropriate and fair. Provided that if a holder or nominee for a Loan Participant in whose name definitive Loan Certificates were registered on the original issue thereof shall be the holder of any Loan Certificates of a principal amount greater than \$1,000 the Trustee shall select for redemption such principal amount of such Loan Certificates of each maturity registered in the name of such holder or nominee having an aggregate redemption price which bears the same proportion to the aggregate redemption price of all such Loan Certificates of that maturity to be

called for redemption as (y) the aggregate principal amount of such Loan Certificates of that maturity registered in the name of such holder or nominee on a date selected by the Trustee not more than ten days prior to the selection by the Trustee of Loan Certificates for redemption pursuant to the immediately preceding sentence bears to (z) the aggregate principal amount of such Loan Certificates of that maturity outstanding on such date.

If any holder or nominee for a Loan Participant in whose name definitive Loan Certificates were registered on the original issue thereof shall be a holder of Loan Certificates of a principal amount greater than \$1,000 as aforesaid (i) the principal amount of Loan Certificates of a principal amount of \$1,000 or more of each maturity to be selected by the Trustee, as provided in the second sentence of this Section 5.04, shall be proportionately reduced and (ii) there shall not be included in the selection made, as provided in the second sentence of this Section 5.04 in respect of such redemption any such Loan Certificates registered in the name of any such holder or nominee. In any selection of Loan Certificates for redemption pursuant to the third sentence of this Section 5.04, the Trustee shall, according to such method as it shall deem to be proper, make such adjustments, by increasing or decreasing by not more than \$1,000 the principal amount of Loan Certificates of each holder or nominee referred to therein selected pursuant to said third sentence, as may be necessary to the end that the principal amount of such Loan Certificates of such holder or nominee so selected for redemption shall be an integral multiple of \$1,000.

REDEMPTION DATE; NOTICE OF

REDEMPTION

Section 5.05. The date for redemption of Loan Certificates pursuant to Section 5.03 shall be not more than 375 days after receipt by the Trustee of the payment of Stipulated

Loss Value or similar payment therein referred to.

The Trustee shall mail by first class mail, postage prepaid, a notice of redemption not less than 30 nor more than 60 days prior to each redemption date to the holders of Loan Certificates so to be redeemed in whole or in part, at their last addresses as they appear upon the registry books. Failure to mail such notice, or any defect therein, shall not affect the validity of the proceedings for the redemption of any other Loan Certificates. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder received such notice.

The notice of redemption shall specify the date for redemption and shall state that payment of the principal amount of the Loan Certificates or portions thereof to be redeemed (together with all accrued and unpaid interest thereon) will be made at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada, upon presentation and surrender of such Loan Certificates, that accrued interest to the date fixed for redemption will be paid as specified in said notice, and that from and after said date interest thereon or on the portions thereof to be redeemed will cease to accrue. The notice of redemption shall also state the aggregate principal amount of Loan Certificates of each maturity to be redeemed and the serial numbers thereof; and in case there shall have been selected as aforesaid less than the entire principal amount of any Loan Certificate, the notice shall identify the serial number and maturity of such Loan Certificate and the principal amount thereof called for redemption, and shall state that on and after the redemption date, upon surrender of such Loan Certificate, the holder will receive the redemption price in respect of the principal amount thereof called for redemption and, without charge, a new Loan Certificate of the same maturity

for the principal amount thereof remaining unredeemed, or, at the option of the holder of such Loan Certificate, the return of such Loan Certificate, with a notation thereon by the Trustee of the payment of the redeemed portion thereof. The serial numbers of any Loan Certificates of any maturity to be redeemed, required to be included in any such notice, may be stated in any one or more of the following ways: individually; in groups from one number to another number, both inclusive; in groups from one number to another number, both inclusive, except such as shall have been previously called for redemption or otherwise retired; or in such other manner as the Trustee shall deem appropriate.

PAYMENT ON REDEMPTION

Section 5.06. The Loan Certificates or portions thereof called for redemption shall become due and payable on the redemption date specified in the notice given pursuant to Section 5.05 at the principal office of the Trustee in the City of Toronto and the City of Montreal, Canada, and from and after such redemption date interest on such Loan Certificates or portions thereof shall cease to accrue and such Loan Certificates or portions thereof shall no longer be deemed to be outstanding hereunder and shall cease to be entitled to the benefits of this Trust except to receive payment from the moneys reserved therefor in the hands of the Trustee. The Trustee shall hold the redemption moneys in trust for the holders of the Loan Certificates or portions thereof called for redemption and shall pay the same to such holders respectively upon presentation and surrender of such Loan Certificates.

Except as provided in Section 5.05, all Loan Certificates redeemed and paid under this Article Five shall be cancelled by the Trustee and no Loan Certificates shall be issued in place thereof.

TAX INDEMNITY OF COMPANY

Section 5.07. Except as otherwise provided in Section 6.06 all payments received by the Trustee from any Lessee as a

result of any loss by the Company in respect of disallowed or recaptured capital cost allowance under the Income Tax Act or change in the rates thereof shall be distributed by the Trustee to the Company.

DISTRIBUTION OF OTHER PAYMENTS

Section 5.03. Except as otherwise provided in this Article Five and in Section 6.06:

- (a) the Security Deposit and any payments received by the Trustee from or on behalf of the Lessee pursuant to the Lessee's indemnities contained in the Lease or the indemnities contained in any new or substituted lease entered into pursuant to Section 6.03 shall be applied in accordance with the applicable provisions of the Lease or such new or substituted lease; and
- (b) all payments received and amounts realized by the Trustee with respect to the Units or Substituted Equipment to the extent received or realized at any time after payment in full of the principal of and interest on all Loan Certificates as well as any other amounts remaining as part of the Trust Estate after payment in full of the principal of and interest on all Loan Certificates issued hereunder,

shall be distributed by the Trustee in the following order of priority: (a) in the manner provided in clause "(1st)" of Section 6.06 hereof; (b) in the manner provided in clause "(2nd)" of Section 6.06 hereof; and (c) in the manner provided in clause "(5th)" of Section 6.06 hereof.

ARTICLE SIX

REMEDIES UPON DEFAULT

EVENTS OF DEFAULT

Section 6.01. The interest of the holders of Loan Certificates in the Trust Estate shall become enforceable on the occurrence of an Event of Default, or of an event of default under any new or substituted lease entered into in accordance with Section 6.03.

ACCELERATION OF MATURITIES

Section 6.02. In case the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable as hereinabove provided the Trustee shall forthwith:

- (a) take all action which may be required to terminate the Lease, or any new or substituted lease entered into pursuant to Section 6.03;
- (b) by notice in writing to the Company and the holders of Loan Certificates declare the principal of, and interest accrued on, all of the definitive Loan Certificates of each maturity then outstanding to be due and payable whereupon, subject to the provisions of Section 6.03, the same shall become forthwith due and payable; and
- (c) by notice in writing to the Company declare the remainder of the payments under the Conditional Sale Agreement to be due and payable, subject to the provisions of Section 6.03, and refrain from making any payments of Rent to the Company pursuant to the Rent Assignment.

WAIVER OF DEFAULT: SUBSTITUTED LESSEE

Section 6.03. If the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable

and if in the exercise of its powers under the Lease or any new or substituted lease entered into pursuant to this Section, the Trustee shall have retaken possession of the Units and Substituted Equipment leased to the Lessee immediately prior to the termination of the Lease or of such new or substituted lease pursuant to Section 6.02, the Company shall have the right (so long as the Trustee shall not, in the exercise of its powers under Section 6.05 and under the Conditional Sale Agreement theretofore have sold such Units and Substituted Equipment or any thereof) to give notice to the Trustee and the holders of Loan Certificates of a proposed new Lessee which shall have entered into a commitment with the Company (subject to the approval of the holders of Loan Certificates hereinafter provided for) to lease from the Trustee for a term not less than the balance of the original term of the Lease (and on terms and conditions substantially similar to the terms and conditions of the Lease to be in effect during such original term) such Units and Substituted Equipment. Each such notice shall be accompanied by a copy (in substantially final form) of the proposed new lease.

Upon receipt of such notice by it the Trustee shall thereupon suspend for a period of 60 days any action then taken or contemplated by it for the sale or other disposition of the Units and Substituted Equipment of which it shall have retaken possession and if within such 60 day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Trustee in writing of their consent to the new lease the Trustee shall execute and deliver upon Written Request all such documents as it is advised by Counsel are necessary and requisite for the purposes of the new lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the

respective maturities thereof not been accelerated there shall no longer be any default under this Trust Declaration and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Trustee may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the accelerations of the remainder of the payments under the Conditional Sale Agreement.

PROCEEDINGS BY TRUSTEE

Section 6.04. In case of default by any Lessee under the Lease or any new or substituted lease entered into pursuant to Section 6.03, or any default by the Company under the Conditional Sale Agreement, the Trustee, in its own name and as Trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of any Rent (and interest on overdue Rent), and of any payments (and interest thereon) payable under the Conditional Sale Agreement, or by any Lessee, then due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against the Lessee and the Company, as the case may be, and collection in the manner provided by law out of the property of the Lessee or the Company wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for a scheme of arrangement for or the bankruptcy or for the re-organization, of the Lessee or the Company under the Railway Act, the Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Lessee or the Company, or in case of any other judicial proceedings relative to the Lessee or the Company, or to the creditors or property of the Lessee or the Company, the Trustee, irrespective of whether the Rent payable by such Lessee or the remainder of the payments

under the Conditional Sale Agreement or the principal of any of the Loan Certificates shall then be due and payable as herein or therein expressed whether by declaration or otherwise and irrespective of whether the Trustee shall have made any demand or declaration pursuant to the provisions of Section 6.02, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the entire amount of the Rent and/or of all the payments under the Conditional Sale Agreement (including any interest on amounts overdue) and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents and Counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its negligence or bad faith) and of the holders of the Loan Certificates allowed in such proceedings and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the holders of the Loan Certificates and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of the Loan Certificates to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the holders of the Loan Certificates to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents and Counsel, and all other expenses and liabilities incurred, and all advances made by the Trustee except as a result of its negligence or bad faith.

All rights of action and to assert claims under this Trust Declaration or under any of the Loan Certificates, may be enforced by the Trustee without the possession of

any of the Loan Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Loan Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Trust to which the Trustee shall be a party), the Trustee shall be held to represent all the holders of the Loan Certificates, and it shall not be necessary to make any holders of the Loan Certificates parties to such proceedings.

REMEDIES UPON DEFAULT

Section 6.05. In case the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable and the Lease or any new or substituted lease entered into pursuant to Section 6.03 shall have been terminated, the Trustee may take all actions for the realization of such interest including retaking possession of all or any part of the Units and Substituted Equipment and withdraw the same from premises of the Lessee retaining all payments which up to that time may have been made on account of Rent and otherwise, and, subject to Section 6.03, may lease such Units and Substituted Equipment or any part thereof, or with or without retaking possession thereof may enforce against the Company the applicable provisions of the Conditional Sale Agreement or may otherwise sell such Units and Substituted Equipment or any part thereof, free from any and all claims of the Lessee or the Company at law or in equity (except as herein provided), in one lot and as an entirety or in separate lots, in so far as may be necessary to perform and fulfill the trust hereunder, at public or private sale, for cash or upon credit, in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of interests hereunder in the manner herein provided. Upon any such sale, the Trustee itself may bid for the property

offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Units or Substituted Equipment to be sold, and in general in such manner as the Trustee may determine, but so that the Company may and shall have a reasonable opportunity to bid at any such sale.

REALIZATION UPON DEFAULT

Section 6.06. Subject to Section 6.03, all payments received and amounts realized by the Trustee after the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable, as well as all payments or amounts then held or thereafter received by the Trustee as part of the Trust Estate shall be distributed by the Trustee in the following order of priority: (1st), so much of such payments or amounts as shall be required to reimburse the Trustee for any expense incurred by the Trustee (to the extent not previously reimbursed) shall be distributed to the Trustee; (2nd), so much of such payments or amounts as shall be required to reimburse the then existing or prior holders of the Loan Certificates for payments made to the Trustee pursuant to Section 6.08 hereof, to the extent not previously reimbursed or paid, shall be distributed to the then existing holders of the Loan Certificates who are entitled (directly or through any predecessor holder) to such reimbursement, ratably, without priority of one over the other; (3rd), so much of such payment or amounts as shall be required to pay in full the accrued but unpaid interest to the date of distribution on all Loan Certificates then outstanding shall be distributed to the holders of such Loan Certificates ratably, without priority of one over the other, in the proportion that the amount of such interest then due on all such Loan Certificates held by each such holder bears to the aggregate amount of such interest then due under all such Loan Certificates held by all such holders; (4th), so much of such payments or amounts as shall

be required to pay in full the aggregate unpaid principal amount of all Loan Certificates then outstanding shall be distributed to the holders of such Loan Certificates ratably, without priority of one over the other, in the proportion that the aggregate unpaid principal amount of all such Loan Certificates held by each such holder bears to the aggregate unpaid principal amount of all such Loan Certificates held by all such holders; (5th), the balance, if any, of such payments or amounts remaining thereafter shall be distributed to the Company. The portion of each such payment or amount distributed to each holder of a Loan Certificate pursuant to clause "(4th)" of this Section 6.06 shall be applied by such holder in payment of the Loan Certificates held by it in inverse order of maturities.

TRUSTEE TO GIVE NOTICE OF DEFAULT

Section 6.07. The Trustee shall give notice to the holders of Loan Certificates, within 10 days of the occurrence thereof, of each Event of Default or event of default under any new or substituted lease entered into pursuant to Section 6.03 unless such default shall have theretofore been cured. Such notice shall specify the action which shall have been taken by the Trustee with respect to such Event of Default or other default.

LIMITATION ON SUITS BY HOLDERS OF

LOAN CERTIFICATES

Section 6.08. No holder of any Loan Certificate shall have any right by virtue or by availing of any provision of this Trust to institute any action or proceedings at law or in equity or in bankruptcy or otherwise upon or under or with respect to this Trust, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless such holder previously shall have given to the Trustee written notice of default and of the continuance thereof, as hereinbefore provided, and unless also the holders of a majority in aggregate principal amount of the Loan Certificates then outstanding shall have made written request to the Trustee to

institute such action or proceedings in its own name as trustee hereunder and shall have offered to the Trustee such reasonable indemnity as it may require against the costs, expenses and liabilities to be incurred therein or thereby, and the Trustee for 30 days after its receipt of such notice, request and offer of indemnity shall have failed to institute any such action or proceedings and no direction inconsistent with such written request shall have been given to the Trustee pursuant to Section 6.10; it being understood and intended, and being expressly covenanted by the holder of every Loan Certificate with every other holder and the Trustee, that no one or more holders of Loan Certificates shall have any right in any manner whatever, by virtue or by availing of any provision of this Trust, to affect, disturb, or prejudice the rights of any other holder of Loan Certificates, or to obtain or seek to obtain priority over or preference to any other such holder or to enforce any right under this Trust, except in the manner herein provided and for the equal, ratable and common benefit of all holders of Loan Certificates. For the protection and enforcement of the provisions of this Section 6.08, each and every holder of a Loan Certificate and the Trustee shall be entitled to such relief as can be given either at law or in equity.

HOLDERS OF LOAN CERTIFICATES CAN SUE
FOR PRINCIPAL AND INTEREST

Section 6.09. Subject to Section 4.06, but notwithstanding any other provision in this Trust Declaration, the right of any holder of any Loan Certificate to receive payment of the principal of, and interest on, such Loan Certificate, on or after the respective due dates expressed in such Loan Certificate, or to institute suit for the enforcement of any such payment on or after such respective dates, shall not be impaired or affected without the consent of such holder.

CONTROL BY HOLDERS OF LOAN CERTIFICATES

Section 6.10. The holders of a majority in aggregate principal amount of the Loan Certificates at the time outstanding shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that, subject to the provisions of Section 7.02, the Trustee shall have the right to decline to follow any such direction if the Trustee, being advised by Counsel, determines that the action so directed may not lawfully be taken.

RIGHT OF COURT TO REQUIRE FILING

OF UNDERTAKING TO PAY COSTS

Section 6.11. The Trustee declares, and each holder of any Loan Certificate by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Trust, or in any suit against the Trustee for any action taken or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable solicitors' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section 6.11 shall not apply to any suit instituted by the Trustee, to any suit instituted by any holder of a Loan Certificate, or group of holders of the Loan Certificates, holding in the aggregate more than 10% in principal amount of the Loan Certificates outstanding, or to any suit instituted by any holder of a Loan Certificate for the enforcement of the payment of the principal of, or interest on, any Loan Certificate on or after the due date expressed in such Loan Certificate.

REMEDIES CUMULATIVE

Section 6.12. The remedies in this Trust Declaration provided in favour of the Trustee and the holders of the Loan Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favour existing at law or in equity.

ARTICLE SEVEN

THE TRUSTEE

CLAIMS AGAINST TRUSTEE

Section 7.01. All persons having any claim against the Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

DUTIES AND RESPONSIBILITIES OF THE

TRUSTEE; DURING DEFAULT; PRIOR TO DEFAULT

Section 7.02. In case the interest of the holders of Loan Certificates in the Trust Estate shall have become enforceable, the Trustee shall exercise such of the rights and powers provided for herein and in the Conditional Sale Agreement, the Lease and any new or substituted lease entered into pursuant to Section 6.03, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use in the circumstances in the conduct of his own affairs.

No provision of this Trust shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that

- (a) if the interest of the holders of Loan Certificates in the Trust Estate shall not have become enforceable:
 - (1) the duties and obligations of the Trustee shall be determined solely by the express provisions

of this Trust Declaration, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth herein, and no implied covenants or obligations shall be read into this Trust Declaration against the Trustee; and

- (2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Trust; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements hereof;

- (b) the Trustee shall not be liable for any error of judgment made in good faith by any employee of the Trustee, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts; and

- (c) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate principal amount of the Loan Certificates at the time outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, by this Trust, the Conditional Sale Agreement, the Lease or any new or substituted lease entered into pursuant to Section 6.03.

CERTAIN RIGHTS OF THE TRUSTEE

Section 7.03. Except as otherwise provided in Section 7.02:

- (a) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Loan Certificate, guarantee or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;
- (b) the Trustee may consult with Counsel, and any opinion of Counsel shall be full and complete authorization and protection in respect of any action taken or suffered by it hereunder in good faith and in accordance with such opinion of Counsel;
- (c) the Trustee shall be under no obligation to exercise any of the rights or powers conferred by this Trust, the Conditional

Sale Agreement, the Lease or any new or substituted lease entered into pursuant to Section 6.03, at the request, order or direction of any of the holders of the Loan Certificates, pursuant to the provisions hereof, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabilities which might be incurred therein or thereby; and

- (d) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred by this Trust, the Conditional Sale Agreement, the Lease or any new or substituted lease entered into pursuant to Section 6.03.

RESPONSIBILITY OF TRUSTEE TO INSURE

OR RECORD

Section 7.04. Except as otherwise provided in Section 7.02, the Trustee shall not be required to undertake any act or duty in the way or insuring, taking care of or taking possession of the Units or Substituted Equipment or to undertake any other act or duty hereunder until fully indemnified by the Company or by one or more of the holders of the Loan Certificates against all liability and expenses; and, except as aforesaid, the Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Trust Declaration, any Trust Supplement, the Lease, any Lease Schedule or any new or substituted lease entered into pursuant to Section 6.03.

HOLDING OF FUNDS BY TRUSTEE;

INVESTMENTS

Section 7.05. Subject to Sections 3.04 and 5.01, any money at any time paid to or held by the Trustee hereunder until paid

out by the Trustee as herein provided may be carried by the Trustee on deposit with itself, and, if and to the extent agreed to between the Trustee and the Company and permitted by applicable law or regulations of governmental authorities having jurisdiction over the Trustee, the Trustee will allow interest upon any such moneys held by it in trust at the rate generally prevailing among trust companies in Toronto, Canada or allowed by it upon deposits of a similar character.

LIMITATION OF TRUSTEE'S LIABILITY ETC.

Section 7.06. Except as otherwise provided in Section 7.02, the Trustee shall not be liable to anyone for any delay in the delivery of any of the Units or Substituted Equipment, or for any default on the part of the Manufacturer or other manufacturers or owners thereof or of the Lessee, or for any defect in any of the Units or Substituted Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto.

Except as otherwise provided in Section 7.02, the Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint and shall be answerable for only its own acts, negligence and wilful defaults and not for the default or misconduct of any attorney, agent or servant appointed by it with reasonable care. The Trustee shall not be responsible in any way for the execution or validity of this Trust Declaration or of the Loan Certificates (except for its own execution thereof).

The Trustee in its individual capacity may own, hold and dispose of Loan Certificates with the same rights (subject to Section 9.03) which it would have if it were not Trustee.

Any moneys at any time held by the Trustee or any paying agent hereunder shall, until paid out or invested by the Trustee or any paying agent as herein provided, be held by it in trust as herein provided first, for the ratable

benefit of the holders of the Loan Certificates and second,
for the benefit of the Company.

RESIGNATION AND REMOVAL; APPOINTMENT
OF SUCCESSOR TRUSTEE

Section 7.07.

- (a) The Trustee may at any time resign by giving written notice of resignation to the Company and by mailing notice of resignation to all holders of Loan Certificates at their last addresses appearing on the registry books. Upon receiving such notice of resignation, the Company shall promptly appoint a successor trustee by written instrument, in duplicate, authorized by resolution of the board of directors of the Company, or if thereunto duly empowered, of the executive committee of such board of directors, one copy of which instrument shall be delivered to the Trustee so resigning and one copy to the successor trustee. If no successor trustee shall have been so appointed and have accepted appointment within 30 days after the giving of such notice of resignation, the resigning trustee may petition any Judge of the Supreme Court of Ontario for the appointment of a successor trustee, or any holder of a Loan Certificate who has been a bona fide holder of a Loan Certificate or Loan Certificates for at least six months may, subject to the provisions

of Section 6.11, on behalf of himself and all other similarly situated, petition any such court for the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(b) In case at any time the Trustee shall become incapable of acting, or shall be adjudged a bankrupt or insolvent, or a receiver of the Trustee or of its property shall be appointed, or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation, then, in any such case, the Company may remove the Trustee and appoint a successor trustee by written instrument, in duplicate, authorized by resolution of the board of directors of the Company or, if thereunto duly empowered, of the executive committee of such board of directors, one copy of which instrument shall be delivered to the Trustee so removed and one copy to the successor trustee, or, subject to the provisions of Section 6.11, any holder of a Loan Certificate who has been a bona fide holder of a Loan Certificate or Loan Certificates for at least six months may, on behalf of himself and all others similarly situated, petition any Judge of the Supreme Court of Ontario for the removal of the Trustee

and the appointment of a successor trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, remove the Trustee and appoint a successor trustee.

(c) The holders of a majority in aggregate principal amount of the Loan Certificates at the time outstanding may at any time remove the Trustee and appoint a successor trustee by delivering to the Trustee to be removed, to the successor trustee so appointed and to the Company the evidence provided for in Section 9.01 of the action taken by the holders of the Loan Certificates.

(d) Any resignation or removal of the Trustee and appointment of a successor trustee pursuant to any of the provisions of this Section 7.07 shall become effective upon acceptance of appointment by the successor trustee as provided in Section 7.08.

(e) Any such successor trustee shall be a responsible trust company empowered to carry on business in the Provinces of Ontario and Quebec, Canada.

ACCEPTANCE OF APPOINTMENT BY

SUCCESSOR TRUSTEE

Section 7.08. Any successor trustee appointed as provided in Section 7.07 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further

act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder; but, nevertheless, on the Written Request or on request in writing of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure reimbursement to it of its expenses and compensation.

No successor trustee shall accept appointment as provided in this Section 7.08 unless at the time of such acceptance such successor trustee shall be qualified under the provisions of Section 7.07.

Upon acceptance of appointment by a successor trustee as provided in this Section 7.08, the successor trustee shall mail notice of the succession of such trustee hereunder to the holders of the Loan Certificates at their last addresses appearing on the registry books.

MERGER OR CONSOLIDATION OF TRUSTEE

Section 7.09. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Trustee shall be a party, or any corporation succeeding to the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 7.07, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SALE OF UNITS AND SUBSTITUTED EQUIPMENT

Section 7.10. Any sale or other conveyance of a Unit or item of Substituted Equipment by the Trustee made pursuant to the

terms of this Trust shall bind the holders of the Loan Certificates and shall be effective to transfer or convey all right, title and interest of the Trustee and such holders in and to such Unit or item of Substituted Equipment. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee. The Trustee may, and shall, upon Written Request, reconvey to the Lessee or to the Manufacturer title to any Units excluded from the operation of this Trust pursuant to Section 4.02.

ARTICLE EIGHT

CONDITIONAL SALE AGREEMENT; RENT ASSIGNMENT

CONDITIONAL SALE AGREEMENT

Section 8.01. The Trustee may execute and deliver to Traders Group Limited a Conditional Sale Agreement respecting the Units and Substituted Equipment substantially in the form attached hereto as Schedule 4, subject to the rights of the holders of Loan Certificates hereunder and may from time to time execute and deliver "purchase supplements" thereunder subjecting Units or Substituted Equipment thereto.

RENT ASSIGNMENT

Section 8.02. Upon Written Request the Trustee shall execute and deliver to the Company a Rent Assignment, substantially in the form attached hereto as Schedule 4, assigning to the Company its rights to Rent, subject to the provisions of Article Six and the rights of the holders of Loan Certificates hereunder.

ARTICLE NINE

CONCERNING THE HOLDERS OF LOAN CERTIFICATES

EVIDENCE OF ACTION TAKEN BY HOLDERS OF LOAN

CERTIFICATES

Section 9.01. Whenever it is provided that the holders of a specified percentage in aggregate principal amount of the Loan Certificates may take any action hereunder or

under the Conditional Sale Agreement or the Lease or any new or substituted lease entered into pursuant to Section 6.03 (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced (a) by an instrument or any number of instruments of similar tenor executed by holders of Loan Certificates in person or by agent or proxy appointed in writing, or (b) by the record of the holders of Loan Certificates voting in favour thereof at any meeting of holders of Loan Certificates duly called and held in accordance with the provisions of Article Eleven, or (c) by a combination of such instrument or instruments and any such record of such a meeting of holders of Loan Certificates.

PROOF OF EXECUTION OF INSTRUMENTS AND
OF HOLDING OF LOAN CERTIFICATES

Section 9.02. Subject to the provisions of Sections 7.02 and 10.05, proof of the execution of any instrument by a holder of Loan Certificates or his agent or proxy and proof of the holding by any person of any of the Loan Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within Canada authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, by an affidavit of a witness to such execution sworn to before any such notary or other such officer, or by having the signature of any person executing such an instrument guaranteed by any bank, banker or trust company or by a member of the Montreal or Toronto Stock Exchanges.

The ownership of Loan Certificates may be proved by the register of such Loan Certificates or by a certificate of the Trustee.

The Trustee may require such additional proof of any matter referred to in this Section 9.02 as it shall deem necessary.

The record of any meeting of holders of Loan Certificates shall be proved in the manner provided in Section 10.06.

LOAN CERTIFICATES OWNED BY COMPANY, TRUSTEE
OR LESSEE DEEMED NOT OUTSTANDING

Section 9.03. In determining whether the holders of the requisite principal amount of the Loan Certificates have concurred in any direction, request or consent under this Trust, Loan Certificates which are owned by the Lessee or by the Company or by the Trustee or by any corporation which directly or indirectly controls, or is controlled by or is under direct or indirect common control with the Company, the Lessee or the Trustee shall be disregarded, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, request or consent, only Loan Certificates which the Trustee knows are so owned shall be disregarded.

RIGHT OF REVOCATION OF ACTION TAKEN

Section 9.04. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 9.01, of the taking of any action by the holders of the percentage in aggregate principal amount of the Loan Certificates specified in this Trust or the Conditional Sale Agreement or the Lease or any new or substituted lease entered into pursuant to Section 6.03 in connection with such action, any holder of a Loan Certificate the serial number of which is shown by the evidence to be included in the Loan Certificates the holders of which have consented to such action may, by filing written notice with the Trustee at its principal office in the City of Toronto, Canada and upon proof of holding as provided in Section 9.02, revoke such action so far as concerns such Loan Certificate. Except as aforesaid any such action taken by the holder of any Loan Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Loan Certificate and of any Loan Certificate issued in exchange

or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Loan Certificate. Any action taken by the holders of the percentage in aggregate principal amount of the Loan Certificates specified in this Trust in connection with such action shall be conclusive and binding upon the Trustee and the holders of all the Loan Certificates.

ARTICLE TEN

SUPPLEMENTS AND AMENDMENTS TO THIS TRUST

DECLARATION AND OTHER DOCUMENTS

EXECUTION AND DELIVERY OF SUPPLEMENTS ETC.

Section 10.01. At any time and from time to time, upon Written Request with the consent of the holders of a majority in aggregate principal amount of the Loan Certificates but not otherwise (subject to Section 10.05) (i) the Trustee shall execute and deliver a Trust Supplement for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust as specified in such Written Request or (ii) the Trustee shall enter into such written waiver of the provisions of, or such written amendment of or supplement to the Lease or any new or substituted lease entered into pursuant to Section 6.03, as the Lessee may agree to and as may be specified in such Written Request, or (iii) the Trustee shall execute and deliver such written waiver or modification of the terms of the Manufacturing Agreement as may be specified in such Written Request and agreed to by the Manufacturer or (iv) the Trustee shall execute and deliver such written waiver of or modification of the terms of or supplement to the Conditional Sale Agreement or Rent Assignment as may be specified in such Written Request.

TRUSTEE NEED NOT EXECUTE DOCUMENTS AFFECTING ITS RIGHTS

Section 10.02. If in the opinion of the Trustee any document required to be executed pursuant to the terms of Section 10.01 hereof affects any right, immunity or indemnity in favour of the Trustee under this Trust or the Conditional Sale Agreement or the Lease or any new or substituted lease entered into pursuant to Section 6.03, the Trustee may in its discretion decline to execute such document.

FORM OF DOCUMENT NEED NOT BE SPECIFIED

Section 10.03. It shall not be necessary for any Written Request and consent of the holders of Loan Certificate furnished pursuant to Section 10.01 hereof to specify the particular form of the proposed document to be executed pursuant to said Section, but it shall be sufficient if such request shall indicate the substance thereof.

TRUSTEE TO MAIL COPIES OF DOCUMENTS

Section 10.04. Promptly after the execution by the Trustee of any document entered into pursuant to Section 10.01 hereof (other than those referred to in Section 10.05) the Trustee shall mail, by first class mail, postage prepaid, a conformed copy thereof to the Company and to each holder of a Loan Certificate at its address appearing on the registers, but the failure of the Trustee to mail such conformed copies shall not impair or affect the validity of such document. Any Loan Participant may file with any regulatory body having jurisdiction over it copies of any documents received by it hereunder.

REQUESTS FOR EXECUTION OF CERTAIN DOCUMENTS NOT REQUIRED

Section 10.05. No Written Request or consent of holders of Loan Certificates pursuant to Section 10.01 hereof shall be required to enable the Trustee to enter into, pursuant to the provisions of Sections 3.01, 3.02 and 8.01 hereof respectively, any Lease Schedule or Trust Supplement, or the Conditional Sale Agreement or any "purchase supplement" thereto.

ARTICLE ELEVEN

MEETINGS OF HOLDERS OF LOAN CERTIFICATES

PURPOSE OF MEETINGS

Section 11.01. A meeting of holders of Loan Certificates may be called at any time and from time to time pursuant to the provisions of this Article Eleven for any of the following purposes:

- (a) to give any notice to the Lessee, the Company or to the Trustee, or to give any directions to the Trustee or to waive any default hereunder and its consequences, or to take any other action authorized to be taken by holders of Loan Certificates

pursuant to any of the provisions of Article Six;

- (b) to remove the Trustee and appoint a successor trustee pursuant to the provisions of Section 7.07; or
- (c) to take any other action authorized to be taken by or on behalf of the holders of any specified aggregate principal amount of the Loan Certificates under and other provisions of this Trust or of the Conditional Sale Agreement or of the Lease or of any new or substituted lease entered into pursuant to Section 6.03 or under applicable law.

CALL OF MEETINGS BY TRUSTEE

Section 11.02. The Trustee may at any time call a meeting of holders of Loan Certificates to take any action specified in Section 11.01, to be held at such time and at such place in the City of Toronto, Canada, as the Trustee shall determine. Notice of every meeting of the holders of Loan Certificates, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting shall be mailed by the Trustee at least 30 days prior to such meeting to the holders of the Loan Certificates at their last addresses appearing on the registry books.

COMPANY AND HOLDERS OF LOAN CERTIFICATES MAY CALL MEETING

Section 11.03. In case at any time the Company by Written Request, or the holders of at least 10% in aggregate principal amount of the Loan Certificates then outstanding by request in writing, in each case setting forth in reasonable detail the action proposed to be taken at the meeting, shall have requested the Trustee to call a meeting of holders of Loan Certificates to take any action specified in Section 11.01, and the Trustee shall not have mailed notice of such meeting within 20 days after receipt of such request, then the Company or the holders of the Loan Certificates in the amount above specified may determine the time and the place in the City of Toronto, Canada,

for such meeting and may call such meeting by mailing notice thereof as provided in Section 11.02.

PERSONS ENTITLED TO VOTE AT MEETING

Section 11.04. To be entitled to vote at any meeting of holders of Loan Certificates a person shall (a) be a holder of one or more Loan Certificates or (b) be a person (who need not be a holder) appointed by an instrument in writing as proxy by a holder of one or more Loan Certificates. The only persons who shall be entitled to be present or to speak at any meeting of the holders of the Loan Certificates shall be the persons entitled to vote at such meeting and their counsel and any representatives of the Trustee and its Counsel and any representatives of the Company and its counsel.

DETERMINATION OF VOTING RIGHTS;

CONDUCT AND ADJOURNMENT OF MEETING

Section 11.05. Notwithstanding any other provisions of this Trust, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of holders of the Loan Certificates, in regard to proof of the appointment of proxies and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit. Except as otherwise permitted or required by any such regulations, the holding of Loan Certificates shall be proved in the manner specified in Section 9.02 and the appointment of any proxy shall be proved in the manner specified in said Section 9.02 or by having the signature of the person executing the proxy witnessed or guaranteed by any bank, banker or trust company satisfactory to the Trustee.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by holders of the Loan Certificates as provided in Section 11.03, in which case the Company or the holders of the Loan Certificates calling

the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the holders of a majority in principal amount of the Loan Certificates represented at the meeting and entitled to vote.

Subject to the provisions of Section 9.03, at any meeting each holder of Loan Certificates or proxy shall be entitled to one vote for each \$1,000 principal amount of Loan Certificates held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Loan Certificate challenged as not outstanding and ruled by the chairman of the meeting to be not outstanding. The chairman of the meeting shall have no right to vote except as a holder of Loan Certificates or proxy. Any meeting of holders of Loan Certificates duly called pursuant to the provisions of Section 11.02 or 11.03 may be adjourned from time to time, and the meeting may be held as so adjourned without further notice.

At any meeting of holders of Loan Certificates, the presence of persons holding or representing Loan Certificates in an aggregate principal amount sufficient to take action upon the business for the transaction of which such meeting was called shall be necessary to constitute a quorum; but, if less than a quorum be present, the persons holding or representing a majority in aggregate principal amount of the Loan Certificates represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present.

COUNTING VOTE AND RECORDING ACTION

OF MEETING

Section 11.06. The vote upon any resolution submitted to any meeting of holders of Loan Certificates shall be by written ballots on which shall be subscribed the signatures of the holders of Loan Certificates or proxies and the serial number or numbers of the Loan Certificates held or represented by

them. The permanent chairman of the meeting shall appoint two scrutineers who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of holders of Loan Certificates shall be prepared by the secretary of the meeting, and there shall be attached to said record the original reports of the scrutineers on any vote by ballot taken thereat and affidavits by one or more persons having knowledge of the facts, setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 11.02. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting, and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee, the latter to have attached thereto the ballots voted at the meeting.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

CALL OF MEETING NOT TO AFFECT RIGHTS

Section 11.07. Nothing in this Article Eleven contained shall be deemed or construed to authorize or permit, by reason of any call of a meeting of holders of Loan Certificates or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any right or rights conferred upon or reserved to the Trustee or to the holders of Loan Certificates under any of the provisions of this Trust or of the Loan Certificates.

ARTICLE TWELVE

MISCELLANEOUS

RIGHTS CONFINED TO PARTIES AND HOLDERS

Section 12.01. Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, firm or corporation, other than the parties hereto and the holders of the Loan Certificates, any right, remedy or claim

under or by reason of this Trust or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefit of the parties hereto and their successors and assigns and of the holders of the Loan Certificates.

NO RECOURSE

Section 12.02. No recourse under any obligation, covenant or agreement of this Trust, shall be had against any stockholder, officer or director of the Company, as such, by the enforcement of any assessment or by any legal or equitable proceeding, by virtue of any statute or otherwise; it being expressly agreed and understood that this Trust and the Loan Certificates are solely obligations of the Trustee, as such (subject to Section 4.06), and that no personal liability whatever shall attach to or be incurred by the stockholders, officers or directors of the Company, as such, or any of them, under or by reason of any of the obligations, covenants or agreements contained in this Trust, or implied therefrom, and that any and all personal liability, either at common law or in equity, or by statute or constitution, of every such stockholder, officer or director is hereby expressly waived as a condition of the making of this Trust Declaration.

CERTIFICATES AND OPINIONS OF COUNSEL;

STATEMENTS TO BE CONTAINED THEREIN

Section 12.03. Upon any application or demand by the Company to the Trustee to take any action under any of the provisions of this Trust (other than the issuance of Loan Certificates), or of the Conditional Sale Agreement or of the Lease or any new or substituted lease entered into pursuant to Section 6.03 the Company shall furnish to the Trustee, a certificate signed by the President or any Vice-President or the Secretary or Treasurer of the Company stating that all conditions precedent provided for herein or in the Conditional Sale Agreement or the Lease or any new or substituted lease relating to the proposed action have been complied with and

an opinion of Counsel stating that in the opinion of such Counsel all such conditions precedent have been complied with.

Each certificate or opinion provided for herein and delivered to the Trustee with respect to compliance with a condition or covenant provided for herein or in the Conditional Sale Agreement or in the Lease or in any new or substituted lease entered into pursuant to Section 6.03 shall include (a) a statement that the person making such certificate or opinion has read such condition or covenant; (b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based; (c) a statement that, in the opinion of such person, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such condition or covenant has been complied with; and (d) a statement as to whether or not, in the opinion of such person, such condition or covenant has been complied with.

HOLDERS OF LOAN CERTIFICATES NOT
OWNERS OF TRUST ESTATE

Section 12.04. No holder of a Loan Certificate shall have legal title to any part of the Trust Estate. No transfer, by operation of law or otherwise, of any Loan Certificate or other right, title and interest of any holder of a Loan Certificate in and to the Trust Estate or hereunder shall operate to terminate this Trust or entitle any successor or transferee of such holder to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

TERMINATION OF TRUST

Section 12.05. This Trust shall terminate and be of no further force and effect upon the earlier of (i) the sale or other final disposition (including a conveyance to the Company pursuant to Section 4.12) by the Trustee of all Units and Substituted Equipment at any time part of the Trust Estate and

the final distribution by the Trustee of all moneys or other property or proceeds constituting part of the Trust Estate in accordance with the terms of Articles Five or Six hereof, provided that at such time the Lessee shall have fully complied with all of the terms of the Lease or any new or substituted lease entered into pursuant to Section 6.03 or (ii) twenty-one years less one day after the day and year first above written whereupon all moneys or other property or proceeds constituting part of the Trust Estate shall be distributed in accordance with the terms of Article Five hereof.

NOTICES

Section 12.06. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of the Company, c/o McLeod, Young, Weir & Company Limited, 50 King Street West, Toronto, Canada, or such other address as may hereafter be furnished to the Trustee in writing by the Company and (b) in the case of the Trustee, at 366 Bay Street, Toronto, Canada, or such other address as may hereafter be furnished to the Company in writing by the Trustee. An affidavit by any person representing or acting on behalf of the Company or the Trustee, as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

Except as herein otherwise expressly provided all notices to be given hereunder with respect to the Loan Certificates shall be deemed to be validly given to the holders thereof if sent through the ordinary post, postage prepaid, by letter or circular addressed to such holder at their post office addresses appearing in the registers hereinbefore mentioned. Any notice so served by post shall be deemed to have been given or served on the day upon which it is posted as aforesaid.

EFFECT OF HEADINGS

Section 12.07. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

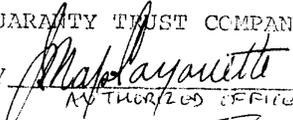
COUNTERPARTS

Section 12.03. This Trust Declaration has been simultaneously executed in several counterparts each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

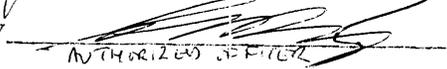
IN WITNESS WHEREOF, the Trustee has executed these presents under the hands of its proper officers thereunto duly authorized and its corporate seal on the day and year first above written.

GUARANTEE TRUST COMPANY OF CANADA

BY


AUTHORIZED OFFICER

BY


AUTHORIZED OFFICER

SCHEDULE 1

to the foregoing Equipment Loan Trust Declaration made on November 18, 1971 by Guaranty Trust Company of Canada, as Trustee.

FORM OF INTERIM LOAN CERTIFICATE

GUARANTY TRUST COMPANY OF CANADA,

AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO. §

Interim CN Equipment Loan Certificate, Canadian Series A

Due January 5, 1972

EXCHANGEABLE FOR DEFINITIVE 8.80% CN EQUIPMENT LOAN CERTIFICATES, CANADIAN SERIES A TO BE SECURED BY A LEASE OF RAILWAY TRANSPORTATION EQUIPMENT TO CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, GUARANTY TRUST COMPANY OF CANADA, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof, on the 5th day of January, 1972, unless this interim Loan Certificate shall have been previously surrendered in exchange as herein and in the Trust Declaration provided, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, without interest on the said principal amount provided that this interim Loan Certificate is redeemable at maturity at the redemption price equal to the aggregate of the respective percentages (hereinafter set forth) of the principal amounts of the definitive Loan Certificates for which this interim Loan Certificate is exchangeable, payable in like money on the said presentation and surrender.

All payments hereunder and under the Trust Declaration shall be made only from the Trust Estate and only to the extent that the Trustee shall have sufficient moneys in the Trust Estate to make such payments in accordance with the terms of Section 2.04 of the Trust Declaration; and each holder hereof, by its acceptance of this interim Loan Certificate, agrees that it will look solely to the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Company (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This interim Loan Certificate is exchangeable on December 31, 1971 (being the Exchange Date to be notified to the holder hereof by the Trustee) for definitive Loan Certificates of the following principal amounts and maturities:

<u>Maturity</u>	<u>Principal Amount</u>	<u>Redemption Price Percentage</u>
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SCHEDULE 2

to the foregoing Equipment Loan Trust Declaration made on November 18, 1971 by Guaranty Trust Company of Canada, as Trustee.

FORM OF DEFINITIVE LOAN CERTIFICATE

GUARANTY TRUST COMPANY OF CANADA,

AS TRUSTEE UNDER AN EQUIPMENT LOAN TRUST DECLARATION

NO.

\$

8.80% CN Equipment Loan Certificate, Canadian Series A

Due

19

SECURED BY A LEASE OF RAILWAY TRANSPORTATION
EQUIPMENT TO
CANADIAN NATIONAL RAILWAY COMPANY

FOR VALUE RECEIVED, GUARANTY TRUST COMPANY OF CANADA, as Trustee (herein in such capacity called the "Trustee") under that certain Equipment Loan Trust Declaration (herein called the "Trust Declaration"; the terms defined therein not otherwise defined herein being herein used with the same meaning as in the Trust Declaration) made by the Trustee, hereby promises to pay to the registered holder hereof, on the 1st day of 19 , or on such earlier date as the principal amount hereof may become due in accordance with the provisions of the Trust Declaration, on presentation and surrender of this Certificate, the sum of \$ in lawful money of Canada at any branch in Canada of the Bank of Montreal, at the holder's option, and to pay interest on the principal amount hereof from November 19, 1971 or from the last interest payment date on which interest has been paid or made available for payment on the outstanding Loan Certificates, whichever is later, at the rate of 8.80% per annum payable half yearly in like money at any of the said places at the holder's option on May 19 and November 19 in each year; and should the Trustee at any time make default in the payment of any principal or interest to pay interest on the amount in default at the same rate, in like money, at any of the said places, at the holder's option, and half yearly on the same dates.

At least one day prior to each date on which interest on this Loan Certificate becomes due (except interest payable at maturity or on redemption which shall be paid upon presentation of this Loan Certificate for payment) the Trustee shall forward or cause to be forwarded by prepaid post, to the holder for the time being, or in the case of joint holders, to one of such joint holders, at its registered address a cheque for such interest (less any tax required to be deducted) payable to the order of such holder or holders and negotiable at par at any of the places above mentioned. The forwarding of such cheque shall satisfy and discharge the liability for interest on this Loan Certificate to the extent of the amount represented thereby (plus the amount of any tax deducted as aforesaid) unless such cheque be not paid on presentation.

All payments of principal and interest hereunder and under the Trust Declaration shall be made only from the income and proceeds from the Trust Estate and only to the extent that the Trustee shall have sufficient income or proceeds from the Trust Estate to make such payments in accordance with the terms of Articles Five and Six of the Trust Declaration; and each holder

hereof, by its acceptance of this Loan Certificate, agrees that it will look solely to the income and proceeds from the Trust Estate to the extent available for distribution to the holder hereof as above provided and that none of Canadian National Railway Company, the Trustee or the Company (as defined in the Trust Declaration) is personally liable to the holder hereof for any amounts payable under this Loan Certificate or, subject to Section 7.02 of the Trust Declaration, the Trust Declaration.

This Loan Certificate is one of an authorized issue of Loan Certificates in an aggregate principal amount not to exceed \$4,227,000 issued or to be issued by the Trustee pursuant to the terms of the Trust Declaration. Reference is hereby made to the Trust Declaration for a statement of the rights of the Trustee and of the holder of this Loan Certificate and of the rights of the holders of the other Loan Certificates and of the Company referred to therein as well as for a statement of the terms and conditions of the trusts created by the Trust Declaration, to all of which terms and conditions each holder hereof agrees by its acceptance of this Loan Certificate.

The Trust Declaration contains provisions for holding meetings of holders of Loan Certificates and for making binding upon all such holders (a) resolutions passed by a specified majority in principal amount of the holders of Loan Certificates at such meetings in accordance with such provisions and (b) instruments in writing signed by the holders of a specified majority in principal amount of the outstanding Loan Certificates.

This Loan Certificate is interchangeable, upon payment of the charges provided in the Trust Declaration, for Loan Certificates in authorized denominations of the same maturity, at the principal office of the Trustee in the City of Toronto, or the City of Montreal, Canada, provided that no Loan Certificate of the denomination of \$1,000 or any multiple thereof may be exchanged for other Loan Certificates any of which has a denomination of less than \$1,000 but Loan Certificates of denominations less than \$1,000 may be aggregated and exchanged for one or more Loan Certificates of a denomination of \$1,000 or any integral multiple thereof and a single Loan Certificate of a denomination of less than \$1,000.

This Loan Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the registry books of the Trustee upon surrender to the Trustee of this Loan Certificate at the principal office of the Trustee in the City of Toronto or the City of Montreal, Canada, accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, whereupon at the option of the transferee either the Trustee shall note hereon the registration particulars of such transferee or a new Loan Certificate or Certificates of the same maturity in authorized denominations for the same aggregate principal amount will be issued to the transferee in exchange hereof. The Trustee may deem and treat the person in whose name this Loan Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Trust Declaration) or in case of the payment of any Stipulated Loss Value (as defined in the Trust Declaration) the principal amount represented by this Loan Certificate may

SCHEDULE 3

to the foregoing Equipment Loan Trust Declaration made on November 18, 1971 by Guaranty Trust Company of Canada, as Trustee.

LEASE OF EQUIPMENT

between

GUARANTY TRUST COMPANY OF CANADA
as trustee under Equipment Loan
Trust Declaration executed on
November 18, 1971
(Lessor)

and

CANADIAN NATIONAL RAILWAY COMPANY
(Lessee)

Dated as of November 19, 1971

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LEASE dated as of the 19th day of November, 1971.

B E T W E E N :

GUARANTY TRUST COMPANY OF CANADA,
a trust company duly incorporated
under the laws of Canada, as trustee
under Equipment Loan Trust Declaration
made on November 18, 1971,

(hereinafter called the "Lessor")

OF THE FIRST PART

- and -

CANADIAN NATIONAL RAILWAY COMPANY,
a corporation duly incorporated
under the laws of Canada,

(hereinafter called the "Lessee")

OF THE SECOND PART

WHEREAS pursuant to the provisions of an Agreement made as of the 19th day of November, 1971 between Marine Industries Limited (hereinafter called "the Manufacturer") and the Lessor and the Lessee (which Agreement is hereinafter called "the Manufacturing Agreement"), the Manufacturer agreed to construct and sell and the Lessee agreed to purchase certain railroad equipment more particularly described in Schedule "A" annexed hereto (hereinafter collectively called "the Equipment"), upon the terms and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manufacturing Agreement, title to each unit of Equipment (hereinafter collectively called "Units" and individually called "Unit") is to be vested in the Lessor, as the trustee, upon delivery thereof and is to be held and retained by the Lessor as trustee upon the trusts set forth in a certain Equipment Loan Trust Declaration made on the 18th day of November, 1971 made between the Lessor as

trustee in favour of the holders of the Loan Certificates more particularly defined in the Trust Declaration;

AND WHEREAS the Lessee has agreed to lease from the Lessor all of the Units delivered and accepted under the Manufacturing Agreement during the period from and after the date hereof up to and including the 31st day of December, 1971 (which later date is hereinafter called "the Final Delivery Date") at the rentals and for the terms and upon the conditions hereinafter provided;

AND WHEREAS the Lessor intends to sell the Units to the Permitted Assignee referred to in paragraph 11 under an agreement (hereinafter called "the Conditional Sale Agreement");

NOW THEREFORE THIS AGREEMENT WITNESSETH as follows:

1. Leasing. In consideration of the premises and of the rentals to be paid and the covenants hereinafter contained to be kept and performed by the Lessee, the Lessor hereby leases to the Lessee such Units of the Equipment as may from time to time be delivered to and accepted by the Lessee or its authorized inspectors or other representatives under the provisions of the Manufacturing Agreement from and after the date hereof up to and including the Final Delivery Date, such acceptance to be evidenced by Certificates (hereinafter collectively called "Schedules" and individually called "Schedule") to be substantially in the form of Schedule "B" annexed hereto and upon execution thereof as aforesaid shall be attached to and form part hereof, and such

Unit or Units referred to therein shall thereupon become subject to and governed by all the provisions hereof. Any Unit or Units not accepted prior to January 1, 1972 shall be excluded from this Lease.

2. Rentals. (a) The Lessee agrees to pay to the Lessor in lawful money of Canada as rental for each Unit subject to this Lease, 31 equal consecutive semi-annual payments payable on the Business Day (as hereinafter defined) next preceding the 15th day of May and November of each year commencing the 15th day of May, 1972 up to and including the 15th day of May, 1987 in an amount equal to 5.0196% of the respective Unit Cost of each such Unit as stipulated in Schedule "A" annexed hereto. "Business Day" shall mean a calendar day excluding Saturdays, Sundays and holidays or other days on which banks are authorized to close by Law in Toronto, Ontario.

(b) In the event that any Unit or Units should be excluded from this Lease (as hereinbefore provided) the Lessee agrees to pay, as additional rent, or or before January 5, 1972 an amount equal to the difference (calculated on a pro rata basis) between the redemption price required to be paid on the interim Loan Certificates (as referred to in the Trust Declaration) by reason of such exclusion and the price at which such Certificates were sold.

(c) All rental and other payments provided for in this Lease to be made to the Lessor shall be made to the Lessor in immediately available funds in Toronto, Ontario by depositing such funds to the account of the Lessor at the offices of the Lessor, 366 Bay Street, Toronto, Ontario or at such other place as the Lessor shall specify in writing.

(d) This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set-off against rent, including, but not limited to, abatements, reductions or set-offs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Manufacturer under the Manufacturing Agreement; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use of or destruction of all or any of the Units from whatever cause, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any public or private person or entity, the breach by the Lessor of the representations and warranties of the Lessor contained in sub-paragraph (b) of paragraph 8 hereof, or by reason of any failure by the Lessor to perform any of its obligations herein contained, 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 in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. The Lessee shall have a right of action against the Lessor for any such breach of such representations and warranties or any such failure to perform such obligations, but without any right of set-off of such rents and other amounts payable by the Lessee hereunder.

3. Term of Lease. The term of this Lease as to any Unit or Units shall commence on the date of acceptance

thereof by the Lessee pursuant to paragraph 1 hereof and, subject to the provisions of paragraphs 1, 6, 9, 16, 21 and 22 hereof, shall terminate on the 15th day of May, 1987 (which period is hereinafter referred to in paragraph 21 hereof as "the Original Term"). If such term be extended the word "term" or "period" as used in this Lease shall be deemed to refer to such extended term and all provisions hereof shall apply during and until the expiration of such extended term except as may be otherwise specifically provided herein or in any subsequent written agreement of the parties hereto.

Notwithstanding anything to the contrary contained herein, all rights and obligations under this Lease and in and to the Units, upon default by the Lessee hereunder (and not otherwise) are subordinate, junior in rank and subject to the rights of the Trustee under the Trust Declaration.

4. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number as set forth in Schedule "A" hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than three-eighths inch in height, the following words: "OWNED AND LEASED BY GUARANTY TRUST COMPANY OF CANADA, 366 BAY STREET, TORONTO, CANADA, AS TRUSTEE UNDER THE TERMS OF AN EQUIPMENT LOAN TRUST DECLARATION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title and the rights of the Lessor under this Lease and the Trust Declaration. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace promptly any such words which may be removed, defaced or destroyed. The Lessee will not change or permit the identifying number

of any Unit to be changed except in accordance with a statement of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited.

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

5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and the Permitted Assignee for collection or other charges and will be free of expense to the Lessor and the Permitted Assignee with respect to the amount of any local, provincial or federal taxes (other than income taxes payable by the Lessor or the Permitted Assignee in consequence of the receipt of payments provided herein), assessments or license fees (and any charges, fines or penalties of any kind in connection therewith) (hereinafter called "impositions") hereafter levied or imposed upon or in connection with or measured by, this Lease, the Manufacturing Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Manufacturing Agreement,

all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor or the Permitted Assignee solely by reason of its acquisition and/or ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title of the Lessor or the Permitted Assignee or result in a lien or security interest upon any such Unit and will supply the Lessor with a receipt or other evidence of such payment satisfactory to the Lessor; provided, however, that the Lessee shall be under no obligation to pay any impositions so long as it is contesting in good faith and by appropriate legal proceedings such impositions and the non-payment thereof does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor hereunder or under the Trust Declaration and the Lessee shall have furnished the Lessor with an opinion of counsel to such effect. If any impositions shall have been charged or levied against the Lessor, or the Permitted Assignee, the Lessee shall reimburse the Lessor or the Permitted Assignee, as the case may be, on presentation of invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor or the Permitted Assignee for any imposition so paid unless the Lessor or the Permitted Assignee shall have been in the opinion of their respective counsel legally liable with respect thereto, or unless the Lessee shall have approved the payment thereof.

In the event any reports with respect to impositions are required to be made on the basis of individual Units, the Lessee will either make such reports in such manner as to show the interests of the Lessor and the Permitted Assignee in such Units, if such is necessary or appropriate, or will notify the Lessor of such requirement and will make such reports in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any impositions, pursuant to this paragraph 5, such liability shall continue, notwithstanding the termination of this Lease, until all such impositions are paid or reimbursed by the Lessee.

6. Payment for Casualty Occurrences. In the event that any Unit shall be or become worn out, lost, stolen, completely destroyed or damaged beyond economic repair, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise (any such occurrence being hereinafter called a "Casualty Occurrence") during the term of this Lease, or until such Unit shall have been returned to the Lessor in the manner provided in paragraph 12 hereof, the Lessee shall, as soon as reasonably possible after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor with respect thereto and shall, in any event, within the then current taxation year of the Permitted Assignee either (i) replace such Unit with another unit of railway equipment of the same or similar type and value or (ii) with the prior written consent of the Permitted Assignee and of the holders of not less than 66-2/3% in principal amount of the then issued and outstanding Loan Certificates hereinbefore referred to, replace such Unit with other railway equipment of like value acceptable to the Permitted Assignee

- 7 -

and such holders and thereupon such other unit of railway equipment shall be and become part of the Equipment hereunder and be subject to all the terms and provisions hereof and in such event no rental payable hereunder shall abate; or (iii) prior to the expiry of such period, pay to the Lessor an amount equal to the accrued unpaid rental for such Unit to the date of such payment plus a sum equal to the Stipulated Loss Value (as hereinafter defined) of such Unit as of the date of such payment. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the taking, requisition, loss, theft, or complete destruction of such Unit) the Lessee shall be entitled to recover possession of such Unit. The Lessor shall, upon request of the Lessee, after payment by the Lessee of a sum equal to the Stipulated Loss Value of any Unit which shall have been lost, stolen, completely destroyed, or taken or requisitioned, deliver to or upon the order of the Lessee a bill of sale (without warranties) for such Unit executed by the Lessor and the Permitted Assignee and such other or others as may be required in order to transfer to the Lessee (or its nominee) such title to such Unit as is derived by the Lessor from the Manufacturer, free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Permitted Assignee.

The Stipulated Loss Value of each Unit during each six month period during the Original Term of the Lease and during the periods of the First Renewal Option and the Second Renewal Option shall be that percentage of the Unit Cost thereof stipulated in Schedule "A" hereto, that is set forth in the following schedule:

STIPULATED LOSS VALUES DURING ORIGINAL TERM

<u>Year</u>	<u>Factor</u>	
	<u>January 1 to June 30</u>	<u>July 1 to December 31</u>
1971	-----	109.65
1972	109.65	111.60
1973	113.37	114.12
1974	114.70	114.42
1975	114.00	112.87
1976	111.58	109.70
1977	107.67	105.14
1978	102.45	99.32
1979	96.06	92.40
1980	88.59	84.43
1981	80.11	75.49
1982	70.70	65.60
1983	60.35	54.81
1984	49.10	43.10
1985	36.92	30.49
1986	23.83	16.92
1987	12.00	12.00

STIPULATED LOSS VALUE DURING PERIODS OF
FIRST RENEWAL OPTION AND SECOND RENEWAL OPTION

Factor

12.00 or fair market value as calculated in accordance with paragraph 21 hereof, whichever is the lesser.

Except as hereinabove in this paragraph 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder. The Lessor represents that the taxation year of the Permitted Assignee ends on December 31 and will use its best efforts to inform itself of any change in such taxation year and will forthwith notify the Lessee of any such change of which it becomes aware.

7. Annual Reports. On or before April 1 in each year, commencing with the year 1973, the Lessee will furnish to the Lessor in such number of counterparts

or copies as may reasonably be requested, an accurate statement signed by its authorized representative, (i) showing as of the preceding December 31, the amount, description and numbers of all Units that may have suffered a Casualty Occurrence, whether by accident or otherwise, during the preceding calendar year (or since the date of this Lease in the case of the first such statement), and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered by such statement, the markings required by paragraph 4 hereof and paragraph 1 of the Manufacturing Agreement have been preserved or replaced. The Lessor shall have the right, by its agents, but shall be under no obligation, to inspect the Units and the records of the Lessee with respect thereto at any reasonable time during the continuance of this Lease.

8. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. (a) Neither the Lessor nor the Permitted Assignee makes any warranty or representation, either express or implied, as to the design, compliance with specifications, or condition of, or as to the quality of the material, equipment or workmanship in, or as to the suitability, adequacy, operation, use or performance of, the Units delivered to the Lessee hereunder, and neither the Lessor nor the Permitted Assignee makes any warranty of merchantability or fitness of the Units for any particular purpose, it being agreed that all such risks, as between the Lessor or the Permitted Assignee and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably 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 of and for the account of the Lessor and/or the Lessee as their interests may appear, whatever claims and rights the Lessor may have against the Manufacturer or the manufacturer of the components of the Units. Neither the Lessor nor the Permitted Assignee shall have any responsibility or liability under this Lease to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipatory profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's acceptance of delivery of the Units shall be conclusive evidence as between the Lessee and the Lessor and the Permitted Assignee that all Units described in the Schedule relating thereto are in all the foregoing respects satisfactory to the Lessee and the Lessee will not assert any claim of any nature whatsoever against the Lessor or the Permitted Assignee based on any of the foregoing matters.

(b) The Lessor represents and warrants as follows:

(i) At the time of delivery of each Unit under this Lease, the Lessor shall have such title to such Unit as is derived from the Manufacturer, unimpaired by any act or omission of the Lessor which will in any manner prevent the performance of this Lease in accordance with its terms and, in addition, such Unit shall be free and clear of all claims, liens and encumbrances which may result from claims against the Lessor not arising out of the ownership thereof which will prevent

the performance of this Lease in accordance with its terms; and

(ii) So long as the Lessee shall not be in default under this Lease, the Lessor shall not do (or suffer to be done by any person claiming through or against the Lessor and not against the Lessee or any sublessee) any act which interferes with any and all rights of the Lessee to peaceably and quietly hold, possess and use the Units in accordance with the terms of this Lease.

(c) The Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any Unit, whether prior or subsequent to delivery to the Lessee, shall be expressly subject to the terms and provisions of this Lease; provided, however, that this Lease shall be subordinated to the rights of the Lessor under the Trust Declaration but the Lessor shall not have the right to terminate or impair the Lessee's possession or use of the property subject to this Lease so long as the Lessee shall not be in default under this Lease; and, subject to the foregoing, covenants that the Lessor has not done and will not do (or suffer to be done by any person claiming through or against the Lessor) any act which interferes with or impairs the Lessee's possession and use in accordance with the terms of this Lease of the Units or the title to the Units which may be transferred or conveyed to the Lessee under the provisions of paragraphs 6 and 21 of this Lease and that any title so conveyed shall then be free of any lien, claim, security interest or other encumbrance by or in favour of any person claiming by, through or under the Lessor.

(d) The Lessee agrees, for the benefit of the Lessor and the Permitted Assignee, to comply in all respects with all laws of the jurisdictions in which operations involving any Unit subject to this Lease may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of any legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent such laws and rules affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Permitted Assignee and agrees to hold the Lessor and the Permitted Assignee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Lessee, or its employees, or any other person. In the event that such laws or rules require the alteration of the Units or in case any equipment or appliance on any such Unit 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 Unit in order to comply with such laws, regulations, requirements and rules, the Lessee agrees, at its own expense, to make such alterations, changes, additions and replacements and to use, maintain and operate such Unit in full compliance with such laws, regulations, requirements and rules so long as such Unit is subject to this Lease; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor or the Permitted Assignee hereunder or under the Trust Declaration.

(e) The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good order and repair, reasonable wear and tear excepted.

(f) Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit shall be considered accessions to such Unit except such as can be removed without damage to and without impairing the originally intended function or use of such Unit (including, without limitation, stakes installed on each Unit) and, without cost or expense to the Lessor, there shall be immediately vested in the Lessor the same interest in such accessions as the interests of the Lessor in such Unit. The Lessee may make alteration or modifications in any Unit so long as it does not affect the value of such Unit adversely.

(g) The Lessee agrees to indemnify and save harmless the Lessor and the Permitted Assignee against any charge or claim made against the Lessor or the Permitted Assignee and against any expense, loss or liability (including but not limited to counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor or the Permitted Assignee may incur in any manner by reason of entering into or performing this Lease or the Manufacturing Agreement or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, use, operation, condition, delivery, rejection, storage or return of, any Unit while subject to this Lease or until no longer in the possession of or stored by the Lessee, whichever is later, and to indemnify and save harmless the Lessor and the Permitted Assignee against any charge, claim,

expense, loss or liability on account of any accident in connection with the operation, use, condition, possession or storage of any Unit resulting in damage to property or injury or death to any person; provided, however, that the Lessee shall not be required to indemnify the Lessor or the Permitted Assignee under this paragraph for negligence on the part of the Lessor or the Permitted Assignee. The indemnities arising under this paragraph shall survive payment of all other obligations under this Lease or the termination of this Lease. Anything herein to the contrary notwithstanding, the Lessee shall not be obligated to indemnify under this paragraph in respect of any charge, claim, expense, loss or liability attributable to a Unit which shall have been returned to the Lessor pursuant to paragraphs 10 or 12 hereof or after this Lease with respect to such Unit has otherwise terminated, provided that such charge, claim, expense, loss or liability is attributable to an event occurring after such Unit was so returned or this Lease with respect to such Unit terminated, and provided, further, that such charge, claim, expense, loss or liability does not arise as a result of mechanical defects of such Unit which existed at the time such Unit was so returned or this Lease with respect to such Unit terminated.

(h) The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of, and furnish a copy to, the Lessor and the Permitted Assignee) any and all reports known by the Lessee to be required to be filed by the Lessor or the Permitted Assignee, or requested by the Lessor or the Permitted Assignee to be filed, with any federal, provincial or other regulatory authority by reason of

the interest of the Lessor in the Units or the leasing of the Units to the Lessee.

9. Default. If, during the continuance of this Lease, one or more of the following events (hereinafter sometimes called Events of Default) shall occur:

(a) default shall be made in the payment of and part of the rental provided in paragraph 2 hereof and such default shall continue for ten (10) days; or

(b) the Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any unauthorized sublease or use of the Units, or any thereof; or

(c) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein and such default shall continue (and the Lessee shall not make effective provisions for curing such default) for thirty (30) days after written notice from the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

(d) any proceedings shall be commenced by or against the Lessee by way of a scheme of arrangement under the Railway Act, R.S.C. 1970, C. R-2, or for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder), unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such effectiveness shall continue),

and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or judgment, by a trustee or trustees or receiver or receivers appointed for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

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

(i) 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 Lease or to recover damages for the breach thereof; or

(ii) by notice in writing to the Lessee terminate this Lease, whereupon all right of the Lessee to the use of the Units shall absolutely cease and determine as though this Lease 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 Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have the right to recover from the Lessee any and all amounts which under the terms of this Lease may then be 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 multiplying the rental for such full period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period), together with: (A) as liquidated damages for loss of the bargain and not as a penalty, a sum with respect to each Unit, which represents the excess of: the present value at the time of such termination of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the use of the Unit during such period, such present value to be computed in each case on a basis of 5% per annum discount compounded semi-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, (B) any damages and expenses, including reasonable legal fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental and (C) an amount which, after deduction of all taxes required to be paid by the Permitted Assignee in respect of the receipt thereof under the laws of Canada or any Province thereof, shall be equal to such sum as, in the reasonable opinion of the Permitted Assignee, will cause the Permitted Assignee's net return under this Lease to be equal to the net return that would have been available to the Permitted Assignee if it had been entitled to utilization of all or such portion of capital cost allowance deductions with respect to the Units

computed in accordance with the provisions of the Income Tax Act of Canada and the Income Tax Regulations made thereunder most favourable to the Permitted Assignee, which was lost, not claimed, not available for claim or disallowed in respect of the termination of this Lease, the Lessor's or the Permitted Assignee's loss of the right to use such Unit, any action or inaction by the Lessor or the Permitted Assignee or the sale or other disposition of the Lessor's or the Permitted Assignee's interest in such Unit after the occurrence of an Event of Default.

Notwithstanding anything to the contrary contained in this clause (ii), it is understood and agreed that the Lessee shall receive a credit in respect of the amounts payable pursuant to sub-clause (A) of this clause (ii) equal to any net proceeds received by the Lessor upon the sale or the re-leasing of the Units.

The remedies in this Lease provided in favour of the Lessor shall not be deemed exclusive but shall be cumulative, and shall be in addition to all other remedies in its favour 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 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 to any offset against the rental payments due hereunder, and agrees to make rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

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.

10. Return of Units Upon Default. If this Lease shall terminate pursuant to paragraph 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

A. forthwith place such Units upon such storage tracks as the Lessor may reasonably designate,

B. permit the Lessor to store such Units on such tracks at the risk of the Lessee until the earlier of the date all such Units have been sold, leased or otherwise disposed of by the Lessor and the 270th day from the day the Lessee shall have placed the Units on such storage tracks, and

C. transport the same to any place on the tracks of the Lessee or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a judgment or order against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any 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 Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this paragraph 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Unit. In connection therewith the Lessee will supply the Lessor with such documents as the Lessor may reasonably request.

11. Assignment, Possession and Use. It is the intention of the parties hereto that the rentals and the sums due hereunder (other than payments under paragraph 6 hereof) shall, subsequent to the execution and delivery hereof, be assigned by the Lessor subject, however, to the rights of the holders of the Loan Certificates under the Trust Declaration, to Traders Group Limited, being the Purchaser referred to in Article 8 of the Trust Declaration and being herein referred to in this Lease as the "Permitted Assignee" and which assignment is hereinafter called the "Permitted Assignment". The consent of the Lessee to the Permitted Assignment shall not be required, however the Lessee shall be under no obligation to the Permitted Assignee except upon written notice of such assignment from either the Lessor or the Permitted Assignee in the manner provided for in paragraph 24 hereof. The Lessor shall be entitled contemporaneously with its conveyance to the Permitted Assignee under the provisions of Section 4.12 of the Trust Declaration of title to all the Units and substituted equipment provided by the Lessee in accordance with the provisions of paragraph 6 hereof, to absolutely assign and transfer to the Permitted Assignee

all of the right, title and interest of the Lessor in and to the lease together with all rights, powers, privileges and other benefits of the Lessor hereunder.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign or transfer its interest as Lessee under this Lease in the Units or any of them (except to the extent that the provisions of any mortgage now or hereafter created on the undertaking of the Lessee may subject the Lessee's leasehold interest to the lien thereof). In addition, the Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Units or to the extent that the provisions of any mortgage now or hereafter created on the undertaking of the Lessee may subject the Lessee's leasehold interest to the lien thereof) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interests of the Lessor or the Lessee therein. 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 Units, except to the extent permitted by the provisions of the immediately succeeding paragraph hereof.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or by any subsidiary or affiliated corporation of the Lessee, upon lines of railroad owned or operated by the Lessee or upon lines of railroad over which the Lessee or such other corporation has trackage or other operating rights or over which railroad

equipment of the Lessee is regularly operated pursuant to contract, and also to permit the use of the Units upon other railroads in Canada in the usual interchange of traffic (if such interchange is customary at the time), but only upon and subject to all the terms and conditions of this Lease and the Trust Declaration.

Nothing in this paragraph 11 shall be deemed to restrict the right of the Lessee (i) to assign or transfer its interest as Lessee under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of Canada (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that all of the capital stock of such assignee or transferee shall be owned by the Canadian government; or (ii) to sublease any Unit to any subsidiary or affiliated corporations of the Lessee; provided, however, that the rights of such sublessee are made expressly subordinate to the rights and remedies of the Lessor under the Trust Declaration and the Lessor under this Lease.

The Lessor shall have the right to declare the lease provided for herein terminated in case of any unauthorized assignment or transfer of the Lessee's rights hereunder or in case of any unauthorized transfer or sublease of any of the Units. Any successor to the Lessor as trustee under the Trust Declaration shall be substituted as Lessor hereunder without the execution or filing of any paper or any further act on the part of either party hereto, anything to the contrary notwithstanding, provided that written notice of such substitution shall be given reasonably promptly to the Lessee and the Lessee shall on written request execute and deliver all instruments in writing requisite to evidence and acknowledge such substitution.

12. Return of Units Upon Termination of Term. As soon as practicable on or after the termination of the term of this Lease as to any or all of the Units, save and except in the event of or resulting from a default in which event paragraph 10 shall apply, the Lessee will (unless the Units are taken or requisitioned by condemnation or otherwise, lost, stolen or completely destroyed within the meaning of paragraph 6 hereof), at its own cost and expense, at the request of the Lessor, assemble such Units and deliver possession of such Units to the Lessor upon such storage tracks as the Lessor may reasonably designate and permit the Lessor to store such Unit on such tracks for a period not exceeding three months and transport the same, at any time within such three-month period, to any reasonable place on the lines of 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 the Lessee; the movement and storage of the Units to be at the expense and risk 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 Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a judgment or order against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. If the Lessor shall elect to abandon any Unit which has suffered a

Casualty Occurrence or which after the expiration of this Lease the Lessor and the Lessee shall have deemed to have suffered a Casualty Occurrence, it may deliver written notice to such effect to the Lessee and the Lessee shall thereupon assume and hold the Lessor harmless from all liability arising in respect of any responsibility of ownership thereof, from and after receipt of such notice. Each Unit returned to Lessor pursuant to this Section (other than a Unit which has suffered a Casualty Occurrence) shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonably wear and tear excepted and (ii) meet the standards then in effect under the interchange rules of the Association of American Railroads if applicable.

13. Opinions of Counsel. (i) On each Closing Date as defined in the Manufacturing Agreement the Lessee will deliver to the Lessor and the Permitted Assignee the written opinion of counsel for the Lessee, in such number of counterparts as may reasonably be requested, and addressed to the Lessor and to the Permitted Assignee in scope and substance satisfactory to them and to their respective counsel, to the effect that:

A. The Lessee is a corporation legally incorporated and validly existing, in good standing, under the laws of Canada, with full corporate power to enter into the Manufacturing Agreement and this Lease;

B. The Manufacturing Agreement and this Lease have been duly authorized, executed and delivered by the Lessee and constitute valid, legal and binding agreements, enforceable in accordance with their terms;

C. Upon deposit of the Trust Declaration and this Lease in the office of the Registrar General of Canada and publication of notice of such deposit

in the Canada Gazette in accordance with Section 86 of the Railway Act of Canada, no further act, filing, recording or deposit (or giving of notice) is required in order fully to protect in Canada or any Province or Territory thereof the rights of the Lessor under this Lease against any and all subsequent purchasers or mortgagees from the Lessee and/or from creditors of the Lessee;

D. No approval is required from any public regulatory body with respect to the entering into or performance of the Manufacturing Agreement by the Lessee and this Lease or all such approvals (which shall be specifically described) have been obtained; and

E. The entering into and performance of the Manufacturing Agreement and this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessee is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessee is subject or any judgment, decree, franchise, order or permit applicable to the Lessee.

The Lessee also agrees to furnish to the Lessor a copy, certified by the Secretary or an Assistant Secretary or Deputy Secretary or other officer of the Lessee, of resolutions of the Board of Directors of the Lessee authorizing the Lessee to enter into this Lease and the Manufacturing Agreement.

(ii) On each Closing Date as defined in the Manufacturing Agreement the Lessor will deliver to the Lessee and to the Permitted Assignee the written opinion of counsel for the Lessor, addressed to the Lessee and to the Permitted Assignee to the effect that:

A. The Lessor is a corporation legally incorporated and validly existing, in good standing, under the laws of Canada, with full corporate power to enter into the Manufacturing Agreement and this Lease;

B. The Manufacturing Agreement and this Lease have been duly authorized, executed and delivered by the Lessor and constitute valid, legal and binding agreements, enforceable in accordance with their terms;

C. The entering into and performance of the Manufacturing Agreement and this Lease will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which the Lessor is a party or by which it may be bound or contravene any provision of law, statute, rule or regulation to which the Lessor is subject or any judgment, decree, franchise, order or permit applicable to the Lessor.

The Lessor also agrees to furnish to the Lessee a copy, certified by the Secretary or an Assistant Secretary or other officer of the Lessor, of resolutions of the Board of Directors of the Lessor evidencing the due authorization of the execution and delivery by the Lessor of the Lease and the Manufacturing Agreement.

14. Recording; Expenses. Prior to the delivery and acceptance of any Unit, the Lessor will, at its own expense, cause the Trust Declaration and this Lease (a) to be deposited with the Registrar General of Canada and for notice of such deposit to be forthwith thereafter given in the Canada Gazette, pursuant to Section 86 of the Railway Act of Canada, and (b) to be filed and recorded with the Interstate Commerce Commission of the

United States of America pursuant to Section 20c of the Interstate Commerce Act of the United States of America. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or by the Lessor, for the purpose of proper protection, to the satisfaction of the Lessor's interest in the Units, for the purpose of carrying out the intention of this Lease and the Trust Declaration.

The Lessor will pay the reasonable costs and expenses involved in the preparation and printing of this Lease and the fees and disbursements of any counsel which it may retain, unless such costs, expenses, fees and disbursements are paid by some other person. The Lessee will bear the fees and disbursements of any counsel which it may retain.

15. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 9.8% per annum of the overdue rentals for the period of time during which they are overdue.

16. Termination. In the event that all of the Units shall have been excluded from this Lease as provided in paragraph 1 hereof, this Lease shall terminate and, except as otherwise expressly provided in this Lease, the rights and obligations hereunder of the parties hereto, other than those provided in paragraph 2 (b) hereof, shall cease and determine, as if this Lease had never been made.

17. Mileage Allowance: Subrogation. Provided the Lessee is not in default hereunder, the Lessee shall be

entitled to (i) all mileage allowances and other moneys payable by reason of the use of the Units, and any such mileage allowances or other moneys received by the Lessor shall be forthwith remitted to the Lessee, and (ii) the proceeds of any claim or right of the Lessor or the Lessee against third persons for injury, damage or loss with respect to any Unit or the use or operation thereof, including settlements pursuant to the rules of the Association of American Railroads, up to an amount equal to the Stipulated Loss Value of any Unit which shall have suffered a Casualty Occurrence, paid by the Lessee to the Lessor or the actual expense of repair of a Unit not suffering a Casualty Occurrence paid by the Lessee, as set forth in a certificate of the Treasurer or Chief Accounting Officer of the Lessee, and the Lessee shall be subrogated to the extent of the Lessee's interest to all the Lessor's rights of recovery therefor against any other person, firm or corporation. The Lessor hereby authorizes the Lessee to make settlement of, receive payment and receipt for any and all such claims on behalf of the Lessor, and the Lessor agrees to execute and deliver from time to time such instruments and do such other acts and things as may be necessary or appropriate more fully to evidence the Lessee's authority and/or to vest in the Lessee such proceeds to the extent of the Lessee's interest therein or to effect such subrogation; and in the event of any loss, damage or destruction in respect of which the Lessee is entitled to proceeds or subrogation as aforesaid, the Lessor shall refrain from doing any act or executing any instrument which would prejudice the right of the Lessee to such proceeds or to such subrogation.

18. Execution. Although this Lease is dated as of November 19, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgements hereto annexed.

19. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario' provided, however, that the parties shall be entitled to all rights conferred by the applicable recording laws of Canada and of the Provinces or Territories thereof and such additional rights arising out of the filing, recording or depositing hereof or out of the marking on the Units as shall be conferred by the Laws of the several jurisdictions in which this Lease shall be filed, recorded or deposited or in which any Unit may be located.

20. Security Deposit. The Lessee shall pay to the Lessor upon the execution and delivery hereof, an amount which shall be equal to one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a) hereof respecting the Equipment (hereinafter called the "Original Deposit"), provided, however, that in the event that less than all of the Units shall have been subsequently delivered and accepted by the Lessee on or before the Final Delivery Date (which undelivered and unaccepted Units are hereinafter called the "Excluded Units") then the Lessor shall within the period of fifteen (15) days subsequent to the Final Delivery Date refund to the Lessee such portion of the Original Deposit paid by the Lessee to the Lessor upon the execution hereof which shall be equal to the difference between: (i) the Original Deposit and (ii) an amount equal to one (1) rental payment payable by the Lessee to the Lessor under the provisions of paragraph 2(a) hereof respecting the Units of Equipment which have become subject to and governed by the provisions of this Lease pursuant to the provisions of paragraph 1 hereof. The portion of the Original Deposit remaining after deduction of the amount of such refund therefrom is hereinafter called the "Remaining Deposit". The Original Deposit or the Remaining Deposit, as the case may

be, shall be retained by the Lessor until the Lessee shall have fully satisfied all its obligations under this Lease and as security to be applied by and at the option of the Lessor to the payment and/or performance of any obligations of the Lessee hereunder. The Original Deposit or the Remaining Deposit, as the case may be, shall not excuse the performance at the time and in the manner prescribed herein of any obligations of the Lessee or prevent default thereof and any of the Original Deposit or the Remaining Deposit, as the case may be, not so applied will be returned to the Lessee after the termination of this Lease, provided however, that the Lessee may by written notice to the Lessor prior to the due date of the last rental payment as more particularly provided in paragraph 2 hereof direct the Lessor to apply the Original Deposit or the Remaining Deposit, as the case may be, on account of such last rental payment.

21. Purchase Option; First Renewal Option. Provided this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect to purchase any one or more of the Units then subject to this Lease at the expiration date of the Original Term of this Lease or at the expiration date of the First Renewal Option Period (the Lessee having duly exercised the First Renewal Option) or at the expiration date of the Second Renewal Option Period (the Lessee having duly exercised the Second Renewal Option) for a purchase price equal to the average of the determinations by the three independent appraisers (hereinafter referred to as the "Fair Market Value") of such Units as of the expiration date of the Original Term or the expiration

date of the First Renewal Option Period or the expiration date of the Second Renewal Option Period, as the case may be. Fair Market Value shall be determined on the basis of, and shall be equal in amount to the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value. Such right to purchase shall be exercised by the Lessee by giving to the Permitted Assignee written notice of its intention to exercise such right not less than seven (7) months prior to the expiration date of the Original Term, the First Renewal Option Period or the Second Renewal Option Period, as the case may be. Fair Market Value of the Units shall be determined in accordance with the foregoing definition by each of three independent appraisers, one of whom shall be selected by the Permitted Assignee, the second by the Lessee and the third designated by the first two so selected and the appointment of all such appraisers shall be made not less than six months prior to the expiration of the Original Term or of the First Renewal Option Period or of the Second Renewal Option Period, as the case may be.

Each Appraiser shall be instructed to proceed to make such determination within a period of thirty (30) days following appointment, and shall promptly communicate such determination in writing to the Permitted Assignee and the Lessee. The determinations so made shall be conclusively binding upon the Lessor, the Permitted Assignee and the Lessee. The expenses and fee of the Appraisers shall be borne equally by the Lessee and the Permitted Assignee. Upon payment of the purchase price, the Permitted Assignee shall upon request of the Lessee execute and deliver to Lessee, or to the Lessee's assignee or nominee, a bill of sale (without warranties in form and substance as more particularly provided in paragraph 6 hereof) for such Unit.

In the event that the Lessee shall not elect to so purchase all of the Units then subject to the Lease at the end of the Original Term, then the Lessee shall have the further right (hereinafter called the "First Renewal Option") to extend the term of the Lease for a further period of five (5) years from and after expiration of the Original Term (herein called the "First Renewal Option Period") as to any one or more of the Units as shall be specified by the Lessee which the Lessee shall not have elected to purchase in accordance with the provisions hereof, at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined above and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained in this Lease save that there shall be no further or other right to extend the term hereof except as more particularly provided in paragraph 22 hereof. Such right shall be exercised by the Lessee by giving to the Permitted Assignee written notice of its intention to exercise such right not less than 120 days prior to the expiration of the Original Term.

Provided, however, that if at the expiration date of the Original Term any of the Units shall not have been so purchased by the Lessee and the term of this Lease shall not have been so extended with respect thereto then the Lessee shall upon demand therefor by the Permitted Assignee forthwith reimburse to the Permitted Assignee all of the costs and expenses incurred by the Permitted Assignee in the disposition of any such Units.

22. Second Renewal Option. Provided that the Lessee shall not have previously purchased all of the Units under the provisions of paragraph 21 hereof, and provided further that the Lessee shall have elected to exercise the First Renewal Option and shall have paid all sums then due and payable hereunder to the Permitted Assignee and be not then otherwise in default under this Lease, then the Lessee shall have the right

(hereinafter called the "Second Renewal Option") upon the expiration of the First Renewal Option Period to further extend the term of this Lease for an additional period of five (5) years (herein called the "Second Renewal Option Period") at a semi-annual lease rate equivalent to 5.0196% of the then fair market value thereof as determined in accordance with the provisions of paragraph 22 hereof and based on the average of such three (3) independent appraisals relating thereto and otherwise upon the same terms and conditions contained in this Lease save that there shall be no further right to extend the term hereof. Such right shall be exercised by the Lessee giving to the Permitted Assignee written notice of its intention to exercise such right not less than one hundred and twenty (120) days prior to the expiration of the First Renewal Option Period.

23. Indemnity Respecting Tax Matters; Tax Ruling.

(a) Subject as hereinafter provided, if, subsequent to the Permitted Assignment, the Permitted Assignee shall not, due to a change in the Income Tax Act (Canada) or the Regulations made pursuant thereto, be entitled to claim capital cost allowance under the provisions of the said Income Tax Act and the said Regulations in whole or in part at a rate equivalent to or better than twenty per cent (20%) (which is the rate in respect of the Units at the date hereof) or, due to such change, there shall be disallowed with respect to the Permitted Assignee all or any portion of its claim for such capital cost allowance during the period that this Lease is in effect, then the rental rate applicable to the Units set forth in paragraph 2(a) hereof shall on and after the next succeeding rental payment date after written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer, due to such change, entitled to claim such capital cost allowance or if claimed and then disallowed then on the next succeeding rental payment date after payment of the tax attributable thereto (which tax shall be reimbursed to the Permitted Assignee by the Lessee as additional rental on the next succeeding rental payment date), be increased

such amount over the balance of the term of the Lease, which in the reasonable opinion of the Permitted Assignee will cause the Permitted Assignee's net return in respect of the Units under this Lease to equal the net return that would have been available if the Permitted Assignee had been entitled to claim capital cost allowance at a rate of twenty per cent (20%).

(b) Provided, however, that if subsequent to the Permitted Assignment as a result of the occurrence of any of the following events, namely:

- (i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid to the Lessor or the Permitted Assignee the amounts stipulated under paragraph 6 hereof; or
- (ii) the failure of the Permitted Assignee to claim such capital cost allowance in its income tax return for the appropriate year or the failure of the Permitted Assignee to follow proper procedure in claiming such capital cost allowance; or
- (iii) a voluntary transfer by the Permitted Assignee to all or part of the legal title to such Unit, the disposition by the Permitted Assignee of any interest in such Unit or the reduction by the Permitted Assignee of its interest in the rentals from such Unit under the Lease (other than as contemplated by the Permitted Assignment) unless, in each case, an event of default shall have occurred and be continuing; or
- (iv) the failure of the Permitted Assignee to have sufficient income to benefit from the deduction of such capital cost allowance; or
- (v) the amendment of either the Conditional Sale Agreement or the Permitted Assignment without the prior written consent of the Lessee which consent shall not be unreasonably withheld,

the Permitted Assignee shall have lost or shall not have or shall have lost the right to claim or there shall have been disallowed with respect to the Permitted Assignee all or any portion of such capital cost allowance with respect to any Unit, then the

rental rate shall not be increased as provided in (a) hereof.

(c) Provided further, notwithstanding the foregoing, any change occurring in the Income Tax Act (Canada) or the Regulations made pursuant thereto, the result of which shall be that the Permitted Assignee shall not be entitled to apply or claim such capital cost allowance in respect of any Unit as a deduction in computing its taxable income from sources other than under this Lease, shall not require the adjustment in the rental rate as provided in (a) hereof unless such change shall occur in the first five and one-half years of the term of this Lease and if any such change does occur within the first five and one-half years of the term of this Lease, the rental rate as provided in (a) hereof shall not apply and the rental rate applicable to such Unit as more particularly set forth in this Lease shall on and after the next succeeding rental payment date after which written notice to the Lessee by the Permitted Assignee that the Permitted Assignee is no longer entitled to so claim such capital cost allowance, be increased by such amount for such Unit which in the reasonable opinion of the Permitted Assignee will be equal to the discounted then present value of the additional tax payable by the Permitted Assignee resulting from such change.

(d) If in the opinion of the Permitted Assignee's or the Lessee's tax counsel (hereinafter called "Counsel") a bona fide claim to all or a portion of such capital cost allowance on any Unit exists in respect of which the Lessee is required to pay any such increased rental to the Permitted Assignee as provided above, then the Permitted Assignee shall at the request and expense of the Lessee take all such legal or other appropriate action deemed reasonable by Counsel in order to sustain such claim. The Permitted Assignee may take such action prior to making payment of the amounts claimed pursuant to any notice of assessment or reassessment or may make such payment and then seek a refund. The Permitted Assignee shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Permitted Assignee for all liabilities and expenses which may

shall maintain and shall have furnished the Permitted Assignee with such reasonable security therefor as may be requested.

The Lessee's agreement to pay any sums which may become payable pursuant to this paragraph shall survive the expiration or other termination of this Lease.

(e) On or before the execution of this Lease, the Permitted Assignee shall have received a ruling by the Department of National Revenue (Taxation Division) of the Government of Canada to the effect that for the purposes of the Income Tax Act (Canada):

(i) the Permitted Assignee will be entitled to claim capital cost allowance at the rate of twenty per cent (20%) under the provisions of the Income Tax Act (Canada) and the Regulations made pursuant thereto with respect to the Units at the rate of capital cost allowance allowable with respect to the Units at the date hereof; and

(ii) this Lease is a valid lease and the Permitted Assignee would be required to include in its taxable income all rents paid by the Lessee thereunder subject to the deduction of allowance expenses including the interest payable to the holders of Loan Certificates under the Trust Declaration.

24. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the Canadian registered mails, first-class postage prepaid, addressed as follows:

If to the Lessor, 366 Bay Street, Toronto, Ontario (with copy to Permitted Assignee at 625 Church Street, Toronto, Ontario).

If to the Lessee, P.O. Box 8100, Montreal 101, Quebec, Canada, attention of the Treasurer; or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

25. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

 This Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the Units and supersedes all other agreements, oral or written, with respect to the Units. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

26. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, shareholder, director or officer, past, present or future, of the Lessor or the Lessee or the Permitted Assignee or against any beneficiaries in respect of which the Lessor may be acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of any such incorporators, stockholders, directors, officers, assignees, transferees or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

 IN WITNESS WHEREOF the Lessor and the Lessee, each pursuant to due corporate authority, have caused this instrument to be signed in their respective corporate

names by duly authorized officers and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

GUARANTY TRUST COMPANY OF CANADA
as Trustee

By

CANADIAN NATIONAL RAILWAY COMPANY

By

SCHEDULE "A"

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Aggregate Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
1.	250	70-Ton bulkhead flat cars, Canadian National Railway Company Specification No. F-40-10 dated February 1971, General Arrangement Drawing No. 9H-37410-A etc.	\$15,103.20 (Cdn.) (incl. F.S.T.)	\$3,775,800 (Cdn.) (incl. F.S.T.)	CN 606000- 606249	Sorel, P. Q.	Nov. Dec. 1971 at Sorel, P. Q.
2.	100	(As above)	\$15,075.20 (Cdn.) (incl. F.S.T.)	\$1,507,520 (Cdn.) (incl. F.S.T.)	CN 606250- 606349	(As above)	(As above)

SCHEDULE "B"

EQUIPMENT LEASE - SCHEDULE NO.

Dated the day of , 1971 to
Lease dated as of the 19th day of November,
1971 ("Lease") between GUARANTY TRUST
COMPANY OF CANADA as Trustee ("Lessor")
and CANADIAN NATIONAL RAILWAY COMPANY
("Lessee")

1. The terms used herein shall have the meaning given to such terms in the Lease in accordance with the terms thereof.
2. The Lessor and the Lessee hereby confirm that the Units of Equipment described in Schedule "A" annexed hereto and forming part hereof have been delivered to, examined and accepted by the Lessee on the date hereof as Units leased under the Lease and are accordingly subject to and governed thereby and that the term of the Lease with respect thereto shall commence on the date hereof.
3. The Lessee does hereby acknowledge and confirm that the said Units of Equipment have been examined by duly appointed and authorized employees or representatives of the Lessee and that such examination discloses that same conform to the Specifications more particularly defined in the Manufacturing Agreement and are in good operating order, repair, condition and appearance on the date hereof.
4. The Lessee does hereby certify that at the time of such delivery of the Units to the Lessee there was plainly, permanently and conspicuously stencilled on each side thereof the following legend in letters not less than three-eighths inch in height:

SCHEDULE "A" TO EQUIPMENT LEASE

SCHEDULE NO.

<u>QUANTITY</u>	<u>DESCRIPTION OF UNITS</u>	<u>MANUFACTURERS</u>	<u>IDENTIFYING NUMBERS</u>
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SCHEDULE 4

to the foregoing Equipment Loan Trust Declaration made on November 18, 1971 by Guaranty Trust Company of Canada, as Trustee.

CONDITIONAL SALE AGREEMENT made as of the _____ day
of _____, 1971.

B E T W E E N :

GUARANTY TRUST COMPANY OF CANADA,
a corporation duly incorporated
under the laws of Canada, as
Trustee under an Equipment Loan
Trust Declaration dated as of the
day of _____, 1971,

(hereinafter called the "Vendor")

OF THE FIRST PART

- and -

TRADERS GROUP LIMITED, a corpora-
tion duly incorporated under the
laws of Canada,

(hereinafter called the "Purchaser")

OF THE SECOND PART

WHEREAS pursuant to an Agreement made as of the
day of November , 1971, between Marine Industries
Limited, the Vendor and Canadian National Railway Company
(which Agreement is hereinafter called the "Manufacturing
Agreement"), Marine Industries Limited (hereinafter called
the "Manufacturer") agreed to construct, sell and deliver to
the Vendor and the Vendor agreed to purchase certain railroad
equipment more particularly described in Schedule "A" annexed
thereto (hereinafter collectively called the "Equipment") and
which Equipment is also more particularly described in
Schedule "A" annexed hereto, all upon and subject to the terms
and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manu-
facturing Agreement, title to each unit of Equipment (herein-
after sometimes collectively called "Units" and individually
called "Unit") is to be vested in the Vendor as trustee upon
delivery thereof to be held and retained by the Vendor upon
the trusts set forth in a certain Equipment Loan Trust Declara-
tion dated as of the _____ day of November, 1971 (hereinafter

ment.

2. EXCLUSION OF UNITS OF EQUIPMENT. Any Unit of the Equipment not delivered and accepted prior to January 1, 1972 pursuant to the provisions of the Manufacturing Agreement or any Unit which prior to January 1, 1972 shall have suffered a Casualty Occurrence and shall not have been replaced in accordance with the provisions of paragraph 6 of the Lease or the equivalent provisions of any Substituted Lease, shall be excluded from this Agreement and not included in the term "Equipment" as used in this Agreement. Any such units so excluded are hereinafter called the "Excluded Units".

3. BASE PRICE. The base price of each unit of the Equipment (hereinafter called "a Unit of Equipment" or a "Unit") inclusive of Federal Sales Taxes stated in Canadian dollars is set forth in Schedule "A" annexed hereto and is therein and hereinafter called the "Unit Cost".

4. PURCHASE PRICE. The purchase price of the Equipment (hereinafter called the "Purchase Price") shall be an amount which is equal to the aggregate of:

(a) an amount equal to 20% of the Aggregate Cost of the Equipment specified in Schedule "A" annexed hereto subject to such decrease as shall result from the deduction therefrom of the Unit Cost of the Excluded Units, if any, which amount, subject to adjustment as aforesaid, is hereinafter called the "Down Payment"; and

(b) an amount equal to the aggregate principal amount of 8.80% CN Equipment Loan Certificates, Canadian Series A, issued in definitive form by the Vendor as trustee under the provisions of the Trust Declaration not to exceed in aggregate principal amount the sum of \$4,227,000.00 (hereinafter called the "Balance of the Purchase Price").

5. RENTAL ASSIGNMENT. The Purchaser hereby irrevocably appoints the Vendor and its successors as trustee under the

Trust Declaration as its agent to receive all rents and payments receivable by or payable to the Vendor as lessee under the Lease or any Substituted Lease which were duly assigned to the Purchaser under the Rent Assignment.

6. PAYMENT OF PURCHASE PRICE. The Purchaser hereby acknowledges itself to be indebted to the Vendor in the amount of and hereby promises to pay to or to the order of the Vendor at such place as the Vendor may designate, the Purchase Price, in the following manner:

- (a) on each "Closing Date" with respect to each "Group of the Equipment", all as more particularly defined and determined under and subject to the provisions of the Manufacturing Agreement, an amount equal to 20% of the Unit Cost of each Unit comprised in such Group of Equipment which in the aggregate shall not exceed the Down Payment; and
- (b) with respect to the payment by the Purchaser to the Vendor of the Balance of the Purchase Price, the Vendor is hereby authorized and directed to retain and apply the rents together with interest on overdue rent received under the Rent Assignment upon the date of the receipt thereof by the Vendor from the Lessee from time to time under the provisions of paragraph 2 of the Lease or the equivalent provisions of any Substituted Lease, on account of the payment of the Balance of the Purchase Price as more particularly provided in Section 4.05 of the Trust Declaration together with interest on the Balance of the Purchase Price and interest, on overdue interest thereon until the respective maturities of the said 8.80% CN Equipment Loan Certificates, Canadian Series A referred to in subparagraph (b) of paragraph 4 hereof, payable as more particularly provided in Section 4.05 of the Trust Declaration, it being agreed that the Purchaser shall not have any right to prepay any portion of the Balance of the Purchase Price.

It is agreed that the obligation of the Purchaser to pay to the Vendor any amount of the Down Payment on a Closing Date as hereinbefore provided in this paragraph with respect to any Group of Equipment, is specifically subject to the contemporaneous fulfillment of the following conditions:

- (a) the Vendor shall have paid or caused to have been paid to the Manufacturer an amount equal to 80% of the Aggregate Cost of such Group of Equipment;
- (b) the Lessee shall have paid or caused to be paid to the Manufacturer such amount of the Purchase Price for such Group of Equipment (as more particularly defined in the Manufacturing Agreement) as shall be in excess of the Aggregate Cost thereof;
- (c) the delivery to the Purchaser of a duplicate copy of the acknowledgment of the Manufacturer of receipt of the entire Purchase Price for such Group of Equipment and of the Certificate of Acceptance, invoice and bill of sale relating thereto provided for in the Manufacturing Agreement;
- (d) the delivery to the Purchaser by the Lessee of the opinion required by paragraph 13 of the Lease;
- (e) an opinion or opinions of Counsel to the effect that the Lease and Trust Declaration have been duly deposited in the Office of the Registrar General of Canada and duly filed and recorded with the Interstate Commerce Commission of the United States of America.

7. TITLE TO THE EQUIPMENT. The Vendor shall and does hereby retain title to and ownership of the Equipment until the Purchaser shall have made payment of the Purchase Price hereunder and shall have kept and performed all its agreements herein contained, notwithstanding the delivery of the Equipment to and the possession and use thereof by the Company or the Lessee as herein provided. Any and all additions to the Equipment and any and all replacements of the Equipment and of parts

thereof shall constitute accessions to the Equipment (except such as can be removed without damage to and without impairing the originally intended function or use of the Equipment, including, without limitation, stakes which have been added to the Equipment by the Lessee), and shall be subject to all the terms and conditions of this Agreement and included in the term "Equipment" as used in this Agreement.

Except as otherwise specifically provided in paragraph 8 hereof, when and only when the Vendor shall have been paid the full amount of the Purchase Price of all the Equipment and all other payments as herein provided, and all the Purchaser's obligations herein contained shall have been performed, absolute right to the possession of (subject to the Lease or any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Purchaser, will execute appropriate instruments confirming such passage to the Purchaser of title to and ownership of the Equipment free of all liens, security interests and other encumbrances created or retained hereby or by the Trust Declaration and deliver such instruments to the Purchaser at its address specified in paragraph 15 hereof and will execute in the same manner and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Purchaser to the Equipment, and will pay to the Purchaser such remaining portion, if any, of the moneys paid to or received by the Vendor pursuant to the provisions of the Trust Declaration to which the Purchaser is entitled as more particularly provided therein.

8. CASUALTY OCCURRENCES. In the event of a Casualty Occurrence as more particularly defined in paragraph 6 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) with respect to any Unit of the Equipment during the term thereof or until such Unit

shall have been returned in the manner provided in paragraph 12 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) any Unit of Equipment provided by the Lessee by way of replacement of the Unit subject to the Casualty Occurrence (hereinafter called the "Substituted Equipment") shall thereupon be and become part of the Equipment hereunder and be subject to all of the provisions hereof and the Vendor and the Purchaser shall execute and deliver a Purchase Supplement referred to in paragraph 18 hereof for the purpose of assuring and confirming same. Any payment received by the Vendor from the Lessee pursuant to the provisions of paragraph 6 of the Lease (or the equivalent provisions of any Substituted Lease referred to in paragraph 11 hereof) in lieu of the replacement by the Lessee of the Unit subject to the Casualty Occurrence, shall be distributed by the Vendor in the manner provided in Section 5.03 of the Trust Declaration.

9. ASSIGNMENTS. The Purchaser will not assign or transfer its rights under this Agreement or transfer the right to possession of any Unit of the Equipment unless such assignment is made expressly subject to the Lease or any Substituted Lease and to the rights of the holders of Loan Certificates under the Trust Declaration, and contemporaneously therewith the Purchaser shall have assigned to any assignee or transferee thereof all of its right, title and interest under the Rent Assignment, provided, however, that any such assignments aforesaid shall be subject to the prior written consent of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding, who shall have notified the Vendor and Purchaser in writing of their consent to any such assignments.

10. DEFAULT. In the event that any one or more of the following events of default shall occur and be continuing, namely:

- (a) an Event of Default (as more particularly defined in the Lease) shall occur under the Lease; or
- (b) an event of default under any Substituted Lease subsequently entered into in accordance with

Section 6.03 of the Trust Declaration shall occur;
or

(c) the Purchaser shall fail to pay or cause to be paid to the Vendor in full any sum payable by the Purchaser herein and such default shall continue for ten (10) days,

then at any time after the occurrence of such an event of default the Vendor may, subject to the provisions of paragraph 11 hereof:

(i) upon written notice to the Purchaser and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, declare (hereinafter called a "Declaration of Default") the entire unpaid Balance of the Purchase Price of the Equipment, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid Balance of such Purchase Price and such interest shall bear interest from the date of such declaration at the rate of 8.80% per annum and the Vendor shall thereupon be entitled to recover judgment for the entire unpaid Balance of the Purchase Price of the Equipment so payable, with interest as aforesaid, and to collect such judgment out of any property of the Purchaser.

The Vendor may waive any such event of default and its consequences and rescind any Declaration of Default by notice to the Purchaser in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed and no Declaration of Default had been made. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Purchaser that time is of the essence of this Agreement and that no such waiver or rescission shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon; or

(ii) at any time during a Declaration of Default, upon such further notice, if any, as may be required for compliance with any mandatory requirements of law then in force and applicable to the action to be taken by the Vendor, with or without the retaking of possession thereof, at its election may sell the Equipment, or any Unit thereof, free from any and all claims of the Purchaser, or of any other party claiming by, through or under the Purchaser, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if prior to such sale or prior to the making of a contract for such sale, the Purchaser should tender full payment of the entire indebtedness in respect of the Balance of the Purchase Price of the Equipment, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking, holding and preparing the Equipment for disposition and arrangement for the sale and the Vendor's reasonable legal fees and disbursements, then in such event absolute right to the possession of (subject to the Lease and any Substituted Lease), title to and ownership of the Equipment shall pass to and vest in the Purchaser. The proceeds of such sale, or of any lease or other disposition of the Equipment as provided hereunder, less reasonable legal fees and disbursements and any other expenses incurred by the Vendor in taking possession of, removing, storing and so disposing of the Equipment, shall be credited against the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at such place or places and at such time or times as the Vendor may specify, in one lot and as an entirety, or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine; provided, however,

that the Purchaser shall be given written notice of such sale as provided hereinabove. The Vendor may bid for and become the purchaser of the Equipment, or any Unit thereof, so offered for sale without accountability to the Purchaser (except to the extent of surplus money received as hereinafter provided in this paragraph), and in payment of the Purchase Price therefor the Vendor shall be entitled to have credited on account thereof all sums due to the Vendor from the Purchaser hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay, except where time limits are expressly herein provided, or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

All sums of money realized by the Vendor under the remedies herein provided shall be applied (i) to the payment of the expenses and liabilities of the Vendor herein undertaken to be paid; (ii) to the payment of interest including interest on overdue interest on the unpaid Balance of the Purchase Price of the Equipment accrued and unpaid and (iii) to the payment of the unpaid Purchase Price of the Equipment. If, after applying as aforesaid all sums of money realized by the Vendor, there shall remain any amount due to it under the provisions

of this Agreement, the Purchaser shall pay the amount of such deficiency to the Vendor upon demand, and, if the Purchaser shall fail to pay the full deficiency, the Vendor may bring suit therefor and shall be entitled to recover a judgment therefor against the Purchaser. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Purchaser.

The Purchaser shall pay all reasonable expenses, including reasonable legal fees and disbursements incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable legal fees and disbursements, and the amount thereof shall be included in such judgment.

The foregoing provisions of this paragraph are subject in all respects to all mandatory requirements of law at the time in force and applicable thereto.

11. WAIVER OF DEFAULT; SUBSTITUTED LEASE. Notwithstanding the provisions of paragraph 10 hereof, if in the event of any such default the Vendor shall have retaken possession of the Units of Equipment, the Purchaser shall have the right (so long as the Vendor shall not, in the exercise of its powers under this Agreement, theretofore have sold such Units or any thereof) to give notice to the Vendor and the holders of Loan Certificates under the Trust Declaration of a proposed new lessee which shall have entered into a commitment with the Purchaser (subject to the approval of the holders of Loan Certificates hereinafter provided for) to lease from the Vendor for a term not less than the balance of the original term of the Lease (and on terms and conditions substantially similar to the terms and conditions of the Lease to be in effect during such original term) such Units. Each such notice shall be

accompanied by a copy (in substantially final form) of the proposed new lease (hereinafter called the "Substituted Lease").

Upon receipt of such notice by it, the Vendor shall thereupon suspend for a period of sixty (60) days any action then taken or contemplated by it for the sale or other disposition of the Units of which it shall have retaken possession and if within such sixty (60) day period the holders of not less than 66-2/3% in principal amount of the Loan Certificates then outstanding shall have notified the Vendor in writing of their consent to the Substituted Lease, the Vendor shall execute and deliver upon the written request of the Purchaser, all such documents as it is advised by Counsel are necessary and requisite for the purposes of the Substituted Lease and upon payment to the holders of the Loan Certificates of all amounts (including interest on overdue interest) which would have been due on the Loan Certificates had the respective maturities thereof not been accelerated under the provisions of the Trust Declaration, there shall no longer be any default under this Agreement and the respective maturities of the Loan Certificates shall be deemed not to have been accelerated and the Vendor may execute and deliver all such documents as it is advised by Counsel are necessary and requisite for the purposes of cancelling the acceleration of the unpaid Balance of the Purchase Price.

12. APPLICABLE LAWS. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any applicable law of any jurisdiction may be waived, they are hereby waived by the Purchaser to the full extent permitted by law, to the end that this Agreement shall be deemed to be a conditional sale and enforced as such.

13. EXTENSION NOT A WAIVER. Any extension of time for payment hereunder or other indulgence duly granted to the Purchaser shall not otherwise alter or affect the Vendor's rights

or the obligations of the Purchaser hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Purchaser's obligations or the Vendor's rights hereunder with respect to any subsequent payments or defaults therein.

14. RECORDING. Prior to the delivery and acceptance of any Unit of the Equipment, the Purchaser will cause this Agreement and any supplements hereto in each case (i) to be filed, registered, recorded or deposited and refiled, re-registered, rerecorded or redeposited, with the Interstate Commerce Commission in accordance with Section 2(c) of the Interstate Commerce Act, (ii) to be deposited in the office of the Registrar General of Canada (and will cause the required notice of such deposit forthwith thereafter to be published in The Canada Gazette) in accordance with Section 86 of the Railway Act of Canada (1970-RSC), and (iii) to be filed in the office of the Minister of Financial and Commercial Affairs of the Province of Ontario, Canada. The Purchaser will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection in the United States and the Province of Ontario, Canada, to the satisfaction of the Vendor and its counsel, of its title to and ownership of the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement and any assignment hereof. The Purchaser will promptly furnish to the Vendor evidences of such filing, registering, depositing or recording and of such publication of notice of such deposit and an opinion or opinions of counsel with respect thereto, each satisfactory to the Vendor and its counsel.

15. NOTICE. Any notice hereunder to any party designated below shall be deemed to be properly served if delivered or mailed to it at its chief place of business at the following

specified addresses:

(a) the Purchaser: 625 Church Street, Toronto 5,
Ontario.

(b) the Vendor: 366 Bay Street, Toronto 105,
Ontario.
Attention: Trust Officer

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

16. EFFECT AND MODIFICATION OF AGREEMENT. This Agreement and the Annexes hereto exclusively and completely state the rights and agreements of the Vendor and the Purchaser with respect to the Equipment and supersede all other agreements, oral or written, with respect to the Equipment. No variation of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and duly executed on behalf of the Vendor and the Purchaser.

17. LAW GOVERNING. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the Province of Ontario; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act, the applicable recording laws of Canada and of the Provinces and Territories thereof and such additional rights arising out of the filing, recording, registering or depositing hereof and of any assignment hereof and out of the marking on the Equipment as shall be conferred by the laws of the several jurisdictions in which the Equipment may be located and in which this Agreement or any assignment hereof shall be filed, recorded, registered or deposited.

18. PURCHASE SUPPLEMENT. Forthwith upon the execution and delivery of any Lease Schedule pursuant to paragraph 1 of the Lease or upon the delivery of any Substituted Equipment, the Vendor and the Purchaser shall execute a Purchase Supplement making any Unit described in such Lease Schedule or such Substituted Equipment, as the case may be, subject to the terms and conditions of this Agreement.

19. REMUNERATION AND EXPENSES OF TRUSTEE UNDER TRUST

DECLARATION. The Purchaser will pay to the Vendor as Trustee under the Trust Declaration from time to time reasonable remuneration for its services thereunder and will pay or reimburse the Trustee upon its request for all reasonable expenses, disbursements and advances incurred or made by the Trustee in the administration or execution of the trusts thereby created (including the reasonable compensation and the disbursements of its counsel and all other advisers and assistants not regularly in its employ), both before any default thereunder and thereafter until all duties of the Trustee under the trusts thereof shall be finally and fully performed, except any such expense, disbursement or advance as may arise from its negligence or bad faith.

20. PURCHASER'S SUCCESSORS. Any corporation into which the Purchaser may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which the Purchaser shall be a party, or any corporation to which the undertaking and assets of the Purchaser shall have been transferred as an entirety or substantially as an entirety, shall be the successor of the Purchaser hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary notwithstanding.

21. This Agreement shall subject to the provisions hereof, enure to the benefit of and be binding upon the parties hereto and their respective successors and assigns.

22. EXECUTION. This Agreement may be executed in any number of counterparts, each of which when so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart.

Although this Agreement is dated as of _____, 1971, for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or

dates stated in the acknowledgments hereto annexed.

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

GUARANTY TRUST COMPANY OF CANADA

Per:

TRADERS GROUP LIMITED

Per:

<u>Item</u>	<u>Quantity</u>	<u>Type and Specification</u>	<u>Unit Cost</u>	<u>Total Unit Cost</u>	<u>Identifying Numbers</u>	<u>Manufacturer's Plant</u>	<u>Date of Delivery</u>
1.	250	70-Ton bulkhead flat cars, Canadian National Railway Company Specification No. F-40-10 dated February 1971, General Arrangement Drawing No. 9H-37410-A etc.	\$15,103.20 (Cdn.) (incl. F.S.T.)	\$3,775,800 (Cdn.) (incl. F.S.T.)	CN 606000 - 606249	Sorel, P.Q.	Nov. - Dec. 1971 at Sorel, P.Q.
2.	100	(As above)	\$15,075.20 (Cdn.) (incl. F.S.T.)	\$1,507,520 (Cdn.) (incl. F.S.T.)	CN 606250 - 606349		
Aggregate Cost				\$5,283,320.00 (Cdn.)			

SCHEDULE 5

to the foregoing Equipment Loan Trust Declaration made on November 18, 1971 by Guaranty Trust Company of Canada, as Trustee.

THIS INDENTURE dated as of this day of ,
1971.

B E T W E E N :

GUARANTY TRUST COMPANY OF CANADA,
a corporation duly incorporated
under the laws of Canada, as Trustee
under an Equipment Loan Trust
Declaration dated as of the day
of , 1971,

(hereinafter called "Guaranty Trust")

OF THE FIRST PART

- and -

TRADERS GROUP LIMITED, a corporation
duly incorporated under the laws of
Canada,

(hereinafter called "Traders")

OF THE SECOND PART

WHEREAS pursuant to the provisions of an Agreement made as of the day of , 1971 between Marine Industries Limited, Guaranty Trust and Canadian National Railway Company (hereinafter called "Canadian National") (which Agreement is hereinafter called "the Manufacturing Agreement"), Marine Industries Limited agreed to construct and sell and Canadian National agreed to purchase certain railroad equipment more particularly described in Schedule "A" annexed thereto (hereinafter called "the Equipment") upon the terms and conditions therein contained;

AND WHEREAS pursuant to the provisions of the Manufacturing Agreement, title to each unit of Equipment (hereinafter sometimes collectively called "Units" and individually called "Unit") is to be vested in Guaranty Trust as trustee upon delivery thereof to be held and retained by Guaranty Trust upon the trusts set forth in a certain Equipment Loan Trust Declaration dated as of the day of November , 1971 (hereinafter called the "Trust Declaration") in favour of the holders of the Loan Certificates as more particularly defined

in the Trust Declaration;

AND WHEREAS Guaranty Trust has entered into a Lease of the Equipment dated the _____ day of November , 1971 (hereinafter called "the Lease") as Lessor with Canadian National Railway Company (hereinafter called the "Lessee") as Lessee;

AND WHEREAS Traders has pursuant to the provisions of Section 8.02 of the Trust Declaration duly requested Guaranty Trust to assign to it certain of the rights of Guaranty Trust under the Lease as hereinafter appearing;

AND WHEREAS Guaranty Trust as Vendor thereunder has agreed to sell and Traders as Purchaser thereunder has agreed to purchase and pay for the Equipment upon and subject to the terms and conditions set forth in a certain Conditional Sale Agreement dated the _____ day of November , 1971 (hereinafter called the "Conditional Sale Agreement");

NOW THEREFORE THIS INDENTURE WITNESSETH that in consideration of the premises and the sum of Two (\$2.00) dollars now paid by Traders to Guaranty Trust (the receipt whereof by Guaranty Trust is hereby acknowledged), the parties hereto agree as follows:

1. Guaranty Trust hereby assigns, transfers and sets over unto Traders, subject to the rights of the said holders of Loan Certificates under the provisions of the Trust Declaration and subject to the provisions of Article Six thereof, the right to receive and collect all rents and other moneys payable to or receivable by Guaranty Trust under or pursuant to the provisions of the Lease and of any substituted lease entered into pursuant to Section 6.03 of the Trust Declaration (other than Casualty Payments receivable by Guaranty Trust pursuant to paragraph 6 of the Lease or the equivalent provisions of any new or substituted lease entered into pursuant to Section 6.03 of the Trust Declaration) whether as rent, indemnity, liquidated damages or otherwise.

2. When Guaranty Trust as Vendor under the Conditional Sale Agreement shall have been paid the full amount of the

Purchase Price (as therein defined) of all the Equipment and other payments as therein provided whereupon absolute title to and property in the Equipment shall pass to Traders as Purchaser, as more particularly provided in paragraph 7 of the Conditional Sale Agreement, Guaranty Trust shall upon the request of Traders, execute appropriate instruments providing for the absolute assignment and transfer to Traders of all of the right, title and interest of Guaranty Trust as Lessor in and to the Lease or any new or substituted lease entered into pursuant to the provisions of Section 6.03 of the Trust Declaration together with all rights, powers, privileges and other benefits of Guaranty Trust as the Lessor thereunder and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default thereunder and all other things whatsoever which Guaranty Trust as Lessor thereunder is or may become entitled to thereunder.

3. Guaranty Trust shall and will from time to time and at all times hereafter and shall also cause its successors as trustee under the Trust Declaration from time to time and at all times hereafter, to make, do and execute or cause or procure to be made, done and executed, all such further acts, deeds and assurances as shall be satisfactory to counsel for Traders for the more effectually assigning and assuring the assignments made or to be made hereby and the provisions hereof unto Traders, its successors and assigns, in manner aforesaid, and according to the true intent and meaning of these presents, and Guaranty Trust shall and will from time to time and at all times hereafter and shall also cause its successors as trustee under the Trust Declaration from time to time and at all times hereafter, to make, do and execute or cause or procure to be made, done and executed, all acts, deeds and assurances as shall be satisfactory to counsel for Traders for the purpose of effectually assigning to Traders such rights as hereinbefore specified of Guaranty Trust and its successors as trustee under the Trust Declaration arising under any new or substituted lease of the Equipment

entered into pursuant to the provisions of Section 6.03 of the Trust Declaration.

4. Any corporation into which Traders may be merged or converted or with which it may be consolidated or amalgamated, or any corporation resulting from any merger or amalgamation or consolidation to which Traders shall be a party, or any corporation to which the undertaking and assets of Traders shall have been transferred as an entirety or substantially as an entirety, shall be the successor of Traders hereunder, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

5. All right, title and interest of Traders under the provisions of this Agreement and all benefits and advantages hereunder shall only be assignable by Traders to a permitted assignee of Traders as Purchaser in accordance with the provisions of paragraph 9 of the Conditional Sale Agreement.

6. The provisions of this Agreement shall, subject to the provisions of paragraph 5 hereof, be binding upon and shall enure to the benefit of the parties hereto and their respective successors and assigns.

IN WITNESS WHEREOF the said parties have hereunto set their hands and seals.

GUARANTY TRUST COMPANY OF CANADA

Per:


AUTHORIZED OFFICER


AUTHORIZED OFFICER

TRADERS GROUP LIMITED

Per:

PROVINCE OF QUEBEC)
CITY OF MONTREAL)

On this 18th day of November, 1971,
before me personally appeared R.L. ARMSTRONG,
to me personally known, who, being by me duly sworn,
says that he is GENERAL MANAGER of GUARANTY TRUST
COMPANY OF CANADA, that the seal affixed to the
foregoing instrument is the corporate seal of the 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.


Notary Public

(Notarial Seal)