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INTERSTATE COMMERCE COMMISSION

EQUIPMENT TRUST AGREEMENT

Dated as of January 1, 1975

between

MANUFACTURERS HANOVER TRUST COMPANY,
Trustee,

and

TRUST COMPANY BANK,
as Trustee under a Trust Agreement dated as of
the date hereof with Ford Motor Credit Company

EQUIPMENT TRUST AGREEMENT dated as of January 1, 1975, between MANUFACTURERS HANOVER TRUST COMPANY, as Trustee hereunder (hereinafter called the Trustee) and TRUST COMPANY BANK, acting as trustee under the Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Ford Motor Credit Company, a Delaware corporation (said bank, so acting, being hereinafter called the Owner-Trustee and said corporation being hereinafter called the Beneficiary):

WHEREAS the Owner-Trustee agrees to cause to be transferred to the Trustee the railroad equipment described in Schedule A hereto, subject to the provisions hereof; and

WHEREAS a security interest in such railroad equipment is to be vested in and is to be retained by the Trustee as security for the obligations of the Owner-Trustee hereunder, such security interest to be created by the lease herein set forth pursuant to which such railroad equipment is to be leased by the Trustee to the Owner-Trustee hereunder until such obligations are performed; and

WHEREAS Equipment Trust Certificates due 1981 and 1993 (hereinafter collectively called the Trust Certificates) are to be issued and sold hereunder in an aggregate principal amount not exceeding \$5,930,275 at any time outstanding, at a price not less than 100% of the principal amount thereof, and the proceeds of the issuance thereof are to be deposited with the Trustee to constitute a fund equal to the aggregate principal amount of Trust Certificates so issued and sold to be applied by the Trustee in part payment of the cost of the Trust Equipment (as hereinafter defined), the remainder of the cost thereof to be paid by the Owner-Trustee as provided herein; and

WHEREAS the Owner-Trustee is entering into the Lease (as hereinafter defined) with Trailer Train Company (hereinafter called the Lessee) pursuant to which the Owner-Trustee has leased railroad equipment to the Lessee; and

WHEREAS the Lease is being assigned by the Owner-Trustee to the Trustee as security for the obligations of the

Owner-Trustee hereunder and of the Lessee under the Lease Assignment (as hereinafter defined); and

WHEREAS the Lessee is entering into a Consent (as hereinafter defined), whereby the Lessee agrees to make all payments provided for in the Lease or sums equivalent thereto; and

WHEREAS the text of the Trust Certificates are to be substantially in the following forms, respectively:

[FORM OF TRUST CERTIFICATE DUE APRIL 1, 1981]

THE REGISTERED HOLDER HEREOF HAS REPRESENTED THAT IT HAS ACQUIRED THIS CERTIFICATE FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF. ACCORDINGLY, THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH SUCH ACT.

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No.

TRUST COMPANY BANK, AS OWNER-TRUSTEE

(Secured by Lease Obligations of Trailer Train Company)

EQUIPMENT TRUST CERTIFICATE
due April 1, 1981
Total Authorized Issue
\$2,030,600

MANUFACTURERS HANOVER TRUST COMPANY, TRUSTEE
Interest at the Rate of 9-1/2% Per Annum Payable
April 1 and October 1

MANUFACTURERS HANOVER TRUST COMPANY (hereinafter called the Trustee), as trustee under an Equipment Trust Agreement dated as of January 1, 1975 (hereinafter called the Agreement), between the Trustee and TRUST COMPANY BANK (hereinafter called the Owner-Trustee), acting not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof, with Ford Motor Credit Company, hereby certifies that

or registered assigns, is entitled to an interest in the principal amount of \$ _____ in the TRUST COMPANY BANK, as Owner-Trustee, Equipment Trust due 1981 (Secured by Lease Obligations of Trailer Train Company), due and payable in instalments as hereinafter provided, and to interest on the unpaid principal amount represented by this Certificate from the date hereof until the principal amount hereof is due and payable, at the rate of 9-1/2% per annum, payable semiannually on April 1 and October 1 in each year, commencing October 1, 1975, with interest at the rate of 11% per annum on any overdue principal and interest to the extent that it shall be legally enforceable. Payments of instalments of principal and interest shall be made by the Trustee to the registered holder hereof at the corporate trust office of the Trustee in the Borough of Manhattan, in The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, but payable only out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement. Interest due hereunder shall be calculated on the basis of a 360-day year of twelve 30-day months.

The principal amount of this Certificate is due and payable in semiannual instalments on April 1 and October 1 in each year, commencing October 1, 1975, and continuing to and including April 1, 1981, calculated so that the aggregate of the principal and interest payments payable on each such date shall be substantially equal and such instalments of principal shall completely amortize the principal amount of this Certificate, subject to proportionate reduction in the event of prepayment out of moneys deposited with the Trustee on account of Casualty Occurrences (as defined in the Agreement). Any such prepayment of this Certificate shall be at 100% of the principal amount hereof to be prepaid, together with accrued interest to the date fixed for prepayment.

This Certificate is one of an authorized issue of Certificates in an aggregate principal amount outstanding not exceeding \$2,030,600 issued or to be issued, concurrently with 1993 Trust Certificates (as defined in the Agreement) in an aggregate principal amount not exceeding \$3,899,675,

under and subject to the terms of the Agreement, under which a security interest in certain railroad equipment leased by the Owner-Trustee to Trailer Train Company and certain moneys are to be held by the Trustee in trust for the equal and ratable benefit of the holders of Certificates, to which Agreement (a copy of which is on file with the Trustee at its said office) reference is made for a full statement of the rights and obligations of the Owner-Trustee, the duties and immunities of the Trustee and the rights of the holder hereof thereunder. Neither the Owner-Trustee nor the Beneficiary has any personal liability to the holders of the Certificates and the obligations of the Owner-Trustee under the Agreement are limited as provided in Sections 5.04 and 10.06 of the Agreement.

The Certificates are issuable only as fully registered Certificates and are interchangeable without charge upon presentation thereof for that purpose at said office of the Trustee, but only in the manner and subject to the limitations provided in the Agreement.

Subject to the restrictions set forth above, the transfer of this Certificate in whole or in part may be registered on the books of the Trustee upon surrender to the Trustee, in person or by duly authorized attorney, at its said office of this Certificate 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, and thereupon a new Certificate or Certificates for the then aggregate unpaid principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee may treat the person in whose name this 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 occurrence of an Event of Default (as defined in the Agreement), the principal amount represented by this Certificate (and interest accrued thereon) may be declared due and payable, as provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this

Certificate to be signed, manually or by facsimile, by one of its Vice Presidents and its corporate seal or a facsimile thereof to be hereunto imprinted and to be attested by one of its Assistant Trust Officers by his manual signature.

Dated as of:

MANUFACTURERS HANOVER TRUST
COMPANY,

Trustee,

by

Vice President

ATTEST:

Assistant Trust Officer

[FORM OF TRUST CERTIFICATE DUE APRIL 1, 1993]

THE REGISTERED HOLDER HEREOF HAS REPRESENTED THAT IT HAS ACQUIRED THIS CERTIFICATE FOR INVESTMENT AND NOT WITH A VIEW TO, OR FOR SALE IN CONNECTION WITH, ANY DISTRIBUTION THEREOF. ACCORDINGLY, THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD, TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH SUCH ACT.

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No.

TRUST COMPANY BANK, AS OWNER-TRUSTEE

(Secured by Lease Obligations of Trailer Train Company)

EQUIPMENT TRUST CERTIFICATE

due April 1, 1993

Total Authorized Issue

\$3,899,675

MANUFACTURERS HANOVER TRUST COMPANY, TRUSTEE

Interest at the Rate of 10% Per Annum Payable

April 1 and October 1

MANUFACTURERS HANOVER TRUST COMPANY (hereinafter called the Trustee), as trustee under an Equipment Trust Agreement dated as of January 1, 1975 (hereinafter called the Agreement), between the Trustee and TRUST COMPANY BANK (hereinafter called the Owner-Trustee), acting not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof, with Ford Motor Credit Company, hereby certifies that

or registered assigns, is entitled to an interest in the principal amount of \$ _____ in the TRUST COMPANY BANK, as Owner-Trustee, Equipment Trust due 1993 (Secured by Lease Obligations of Trailer Train Company), due and payable in instalments as hereinafter provided, and to interest on the unpaid principal amount represented by this Certificate from the date hereof until the principal amount hereof is due and payable, at the rate of 10% per annum, payable semi-annually on April 1 and October 1 in each year, commencing

October 1, 1975, with interest at the rate of 11% per annum on any overdue principal and interest to the extent that it shall be legally enforceable. Payments of instalments of principal and interest shall be made by the Trustee to the registered holder hereof at the corporate trust office of the Trustee in the Borough of Manhattan, in The City of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, but payable only out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement. Interest due hereunder shall be calculated on the basis of a 360-day year of twelve 30-day months.

The principal amount of this Certificate is due and payable in semiannual instalments on April 1 and October 1 in each year, commencing October 1, 1981, and continuing to and including April 1, 1993, calculated so that the aggregate of the principal and interest payments payable on each such date shall be substantially equal and such instalments of principal shall completely amortize the principal amount of this Certificate, subject to proportionate reduction in the event of prepayment out of moneys deposited with the Trustee on account of Casualty Occurrences (as defined in the Agreement). Any such prepayment of this Certificate shall be at 100% of the principal amount hereof to be prepaid, together with accrued interest to the date fixed for prepayment.

This Certificate is one of an authorized issue of Certificates in an aggregate principal amount outstanding not exceeding \$3,899,675 issued or to be issued concurrently with 1981 Trust Certificates (as defined in the Agreement) in an aggregate principal amount not exceeding \$2,030,600 under and subject to the terms of the Agreement, under which a security interest in certain railroad equipment leased by the Owner-Trustee to Trailer Train Company and certain moneys are and are to be held by the Trustee in trust for the equal and ratable benefit of the holders of Certificates, to which Agreement (a copy of which is on file with the Trustee at its said office) reference is made for a full statement of the rights and obligations of the Owner-Trustee, the duties and immunities of the Trustee and the rights of the holder hereof thereunder. Neither the Owner-Trustee nor the Beneficiary has any personal liability to the holders of the Certificates and the obligations of the Owner-Trustee under the Agreement are limited as provided in Sections 5.04 and 10.06 of the Agreement.

The Certificates are issuable only as fully registered Certificates and are interchangeable without charge upon presentation thereof for that purpose at said office of the Trustee, but only in the manner and subject to the limitations provided in the Agreement.

Subject to the restrictions set forth above, the transfer of this Certificate in whole or in part may be registered on the books of the Trustee upon surrender to the Trustee, in person or by duly authorized attorney, at its said office of this Certificate 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, and thereupon a new Certificate or Certificates for the then aggregate unpaid principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee may treat the person in whose name this 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 occurrence of an Event of Default (as defined in the Agreement), the principal amount represented by this Certificate (and interest accrued thereon) may be declared due and payable, as provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed, manually or by facsimile, by one of its Vice Presidents and its corporate seal or a facsimile thereof to be hereunto imprinted and to be attested by one of its Assistant Trust Officers by his manual signature.

Dated as of:

MANUFACTURERS HANOVER TRUST COMPANY,

Trustee,

by

ATTEST:

Assistant Trust Officer

WHEREAS it is desired to secure for the holders of the Trust Certificates the payment of the principal thereof with interest thereon, as hereinafter provided, and to evidence the rights of the holders of the Trust Certificates in substantially the form hereinbefore set forth;

NOW, THEREFORE, in consideration of the mutual covenants and promises herein contained, the parties hereto hereby agree as follows:

ARTICLE ONE

Definitions

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

Business Day shall mean any calendar day, excluding Saturday, Sunday and legal holidays or days on which banking institutions are authorized by law to be closed in Atlanta, Georgia, Chicago, Illinois, New York, New York, or Detroit, Michigan.

Casualty Occurrence shall mean any occurrence specified in Section 5.07 hereof to be a Casualty Occurrence.

Consent shall mean the Lessee's Consent and Agreement, dated as of the date hereof, in the form annexed to the Lease Assignment.

Corporate Trust Office shall mean the office of the Trustee in New York, New York, at which the corporate trust business of the Trustee shall, at the time in question, be principally administered, which office is, at the date of execution of this Agreement, located at 40 Wall Street, New York, New York 10015.

Cost, when used with respect to Equipment, shall mean the Purchase Price of the Equipment as defined in the Manufacturing Agreement covering such Equipment, as evidenced by the Manufacturer's invoice with respect to such Equipment.

Deposited Cash shall mean the aggregate of the proceeds from the sale of the Trust Certificates deposited

with the Trustee pursuant to Section 2.01.

Equipment shall mean new standard gauge railroad equipment, first put into service no earlier than the date of delivery to and acceptance under the Lease, including any accessories thereto, but shall not include any special devices, racks or assemblies at any time attached or affixed to any such equipment, the cost or purchase price of which is not included in the Cost of such equipment and the title to which is in a person or entity other than the Owner-Trustee, the Lessee or the Trustee.

Event of Default shall mean any event specified in Section 6.01 hereof to be an Event of Default.

The Fair Value of any unit of Trust Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the Trust Certificates outstanding on such date (after giving effect to any payment in respect thereof on such date pursuant to Section 5.04 hereof) by a fraction of which the numerator shall be the Cost of such unit and the denominator shall be the Cost of all units (including such unit) subject to the trust created hereby on such date.

The term holder, when used with respect to Trust Certificates, shall mean the registered owner of a Trust Certificate.

Lease shall mean the Lease of Equipment dated as of January 1, 1975, between the Owner-Trustee and the Lessee, substantially in the form of Exhibit A hereto, as the same may be further supplemented or amended as contemplated hereby or thereby.

Lease Assignment shall mean the Assignment of Lease and Agreement dated as of the date hereof, between the Owner-Trustee and the Trustee, substantially in the form of Exhibit B hereto.

Manufacturer shall mean Pullman Incorporated (Pullman-Standard division).

Manufacturing Agreement shall mean the Manufacturing Agreement dated as of January 1, 1975, between the Lessee and the Manufacturer, as the same may be supplemented or amended.

Officer's Certificate shall mean a certificate signed by the President, a Vice President, the Secretary, the Treasurer, an Assistant Treasurer or any other authorized officer of the Owner-Trustee or the Lessee, as the case may be.

Opinion of Counsel shall mean an opinion of counsel (who may be counsel to the Owner-Trustee or the Lessee) satisfactory to the Trustee.

Participation Agreement shall mean the Participation Agreement dated as of the date hereof between the Lessee, the Beneficiary and the Owner-Trustee substantially in the form of Exhibit C hereto.

Penalty Rate, in the case of any Trust Certificate, shall mean 11% per annum.

The term person shall mean any individual, corporation, partnership, joint venture, association, joint-stock company, trust, unincorporated organization or government or any agency or political subdivision thereof.

Purchase Agreement shall mean the Purchase Agreement dated as of the date hereof among the Lessee, the Owner-Trustee and the parties named in Annex I thereto.

Request shall mean a written request for the action therein specified signed on behalf of the Owner-Trustee or the Lessee by the President, any Vice President, the Treasurer, an Assistant Treasurer or any other authorized officer of the Owner Trustee or the Lessee, as the case may be, and delivered to the Trustee.

Trust Certificates shall mean the Equipment Trust Certificates issued and outstanding hereunder.

1981 Trust Certificates shall mean Trust Certificates under which principal is amortized in semiannual instalments commencing October 1, 1975, to and including April 1, 1981, issued pursuant to Section 2.01 hereof.

1993 Trust Certificates shall mean Trust Certificates under which principal is amortized in semiannual instalments commencing October 1, 1981, to and including April 1, 1993, issued pursuant to Section 2.01 hereof.

Trust Equipment shall mean all Equipment at the

time subject to the terms of this Agreement.

Trustee shall mean Manufacturers Hanover Trust Company, a corporation duly organized and existing under the laws of the State of New York, and any successor as trustee hereunder.

All references herein to Articles, Sections and other subdivisions refer to the corresponding Articles, Sections and other subdivisions of this Agreement; and the words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section or subdivision hereof.

ARTICLE TWO

Trust Certificates and Issuance Thereof

SECTION 2.01. Issuance of Trust Certificates. The proceeds of the sale of the Trust Certificates shall, forthwith upon the issuance thereof, be deposited with the Trustee as provided in the Purchase Agreement. Simultaneously, the Trustee shall issue and deliver, in accordance with the Purchase Agreement or in accordance with a Request of the Owner-Trustee, Trust Certificates substantially in the form set forth herein in the aggregate principal amount so sold.

The aggregate principal amount of 1981 and 1993 Trust Certificates which shall be executed and delivered by the Trustee hereunder and shall be outstanding at any time shall not exceed \$2,030,600 and \$3,899,675, respectively.

SECTION 2.02. Interests Represented by Trust Certificates; Interest; Maturity. Each of the Trust Certificates shall represent an interest in the principal amount therein specified in the trust created hereunder. Each Trust Certificate shall bear interest on the unpaid principal amount thereof at the rate per annum set forth in the form of Trust Certificate contained herein payable semiannually on April 1 and October 1 in each year, commencing October 1, 1975, with interest payable on any overdue principal and interest at the Penalty Rate, to the extent that it shall be legally enforceable. Interest on the Trust Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

Subject to the provisions of Article Three hereof respecting prepayment of Trust Certificates, (i) the aggregate principal amount of the 1981 Trust Certificates shall be payable in semiannual instalments on each April 1 and October 1, commencing October 1, 1975, to and including April 1, 1981, and (ii) the aggregate principal amount of the 1993 Trust Certificates shall be payable in semiannual instalments on each April 1 and October 1, commencing October 1, 1981, to and including April 1, 1993. The Trust Certificates shall be amortized so that the aggregate of the principal and interest payable on each principal payment date during the respective periods from October 1, 1975, to April 1, 1981, and from October 1, 1981, to April 1, 1993, respectively, shall be substantially equal and such instalments of principal shall completely amortize the principal amount of each class of Trust Certificates. The Trustee shall furnish each holder of Trust Certificates an amortization schedule setting forth the respective amounts of principal and interest payable on each such date.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement (or, if approved by the Trustee, a copy of an agreement) of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Trustee) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for a new Trust Certificate for the unpaid principal amount represented thereby on the date of such surrender, the Trustee will, subject to timely receipt of the necessary funds, mail its check, or on ten days' prior request of the holder, wire by 11:00 a.m., New York time, funds immediately available to such holder on such date, to such holder at his address shown on the registry books maintained by the Trustee or at such other address as may be directed in writing by such holder without requiring the surrender of such Trust Certificate; provided, however, that the deposit of an agreement pursuant to this paragraph shall not be required of any original purchaser of Trust Certificates.

SECTION 2.03. Form, Execution and Characteristics of Trust Certificates.

(a) The Trust Certificates shall be in substantially the forms hereinbefore set forth.

(b) The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of one of its Vice Presidents or one of its Assistant Vice Presidents and its corporate seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of its Secretary or one of its Assistant Secretaries or one of its Assistant Trust Officers. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any Trust Certificate shall cease to be such officer of the Trustee before such Trust Certificate shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of such Trust Certificate, such Trust Certificate shall be adopted by the Trustee and be issued and delivered as though such person had at all times been such officer of the Trustee.

(c) The Trust Certificates (i) shall be registered, as to both principal and interest, in the names of the holders; (ii) shall be registrable as to transfer in whole or in part upon presentation and surrender thereof for registration of transfer at the Corporate Trust Office, accompanied by appropriate instruments of assignment and transfer, duly executed by the holder of the surrendered Trust Certificate or Trust Certificates or by duly authorized attorney, in form satisfactory to the Trustee; (iii) shall be dated as of the date of issue, or if issued in exchange for or upon the transfer of another Trust Certificate or Certificates bearing unpaid interest from an earlier date, dated as of such earlier date; (iv) shall entitle the holders to interest from the date thereof; and (v) shall be exchangeable at the Corporate Trust Office for an equal aggregate principal amount of Trust Certificates of like tenor.

(d) Anything contained herein to the contrary notwithstanding, prior to due presentment for registration of transfer, the parties hereto may deem and treat the holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

(e) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration of the Trust Certificates and the registration of transfers of the Trust Certificates and upon presentation of any Trust Certificate for such purpose, the Trustee shall register any transfer as hereinabove provided, under such reasonable regulations as it may prescribe and subject to the provisions of subparagraph (h) of this Section 2.03.

(f) No service charge shall be made for any registration of transfer or exchange of Trust Certificates, but the Trustee shall require the payment by the transferor or transferee of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any such transfer or exchange.

(g) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange or substitution for, or upon the registration of transfer of the whole or any part, as the case may be, of one or more other Trust Certificates, shall be issued in principal amount equal to the unpaid principal amount or amounts of such one or more other Trust Certificates, shall carry all the rights to interest accrued and unpaid and to accrue, which were carried by the whole or such part, as the case may be, of such one or more other Trust Certificates, and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest shall result from such exchange, substitution or transfer.

(h) The Trustee shall not be required (i) to register the transfer of or exchange any Trust Certificate for a period of ten Business Days next preceding any interest payment date, (ii) to issue, register the transfer of or exchange any Trust Certificate during a period beginning at the opening of business 15 days before any selection of Trust Certificates to be prepaid and ending at the close of business on the day of the mailing of the relevant notice of prepayment, (iii) to register the transfer of or exchange any Trust Certificate so selected for prepayment in whole or in part until after the date fixed for prepayment or (iv) to register any transfer of Trust Certificates unless the Trustee has received approval of the Lessee or the Trustee is satisfied that such transfer is exempt from the registration requirements of the Securities Act of 1933, as amended.

SECTION 2.04. Replacement of Mutilated, Defaced,

Lost, Stolen or Destroyed Trust Certificates. In case any Trust Certificate shall become mutilated or defaced or be lost, stolen or destroyed, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date as the mutilated, defaced, lost, stolen or destroyed Trust Certificate, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, stolen or destroyed. The applicant for a new Trust Certificate shall furnish to the Trustee evidence to its satisfaction of the loss, theft or destruction of such Trust Certificate alleged to have been lost, stolen or destroyed, and of the ownership and authenticity of such mutilated, defaced, lost, stolen or destroyed Trust Certificate, and shall furnish such security or indemnity as may be required by the Trustee (except in the case of original holders of Trust Certificates), and shall pay all expenses and charges of such exchange or substitution. All Trust Certificates shall be issued, held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, stolen or destroyed Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

SECTION 2.05. Legal Holidays. If the date fixed for payment of principal or interest on any Trust Certificates is not a Business Day, then (notwithstanding any other provision of this Agreement or the Trust Certificates) such payment need not be made on such date but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal payment date and no interest shall be paid on such next succeeding Business Day for the period from and after such nominal payment date.

ARTICLE THREE

Prepayment of Trust Certificates

SECTION 3.01. Right of Prepayment. The Trust Certificates are required to be prepaid in part on any April 1 and October 1, through the application of moneys paid to the Trustee pursuant to Section 5.07 hereof, at 100% of the principal amount thereof to be prepaid, together with accrued interest to the date fixed for prepayment. Except as provided in this Article Three and Article Six

hereof, Trust Certificates may not be prepaid prior to the maturity thereof.

SECTION 3.02. Selection of Trust Certificates for Prepayment; Notice of Prepayment.

(a) On or before the tenth day next preceding a date on which Trust Certificates are to be prepaid pursuant to Section 3.01 hereof, the Trustee shall select for prepayment, subject to the provisions of the next succeeding sentence, a principal amount of 1981 Trust Certificates and 1993 Trust Certificates (in proportion to the principal amount of each such class outstanding) so as to exhaust any amount in cash to be paid to it pursuant to Section 5.07 hereof. The Trustee shall select for prepayment on each prepayment date a principal amount of Trust Certificates of each class registered in the name of each holder which bears the same ratio to the aggregate principal amount of Trust Certificates of such class to be prepaid on such prepayment date as (y) the aggregate principal amount of Trust Certificates of such class registered in the name of such holder on a date selected by the Trustee not more than 15 days prior to the selection by the Trustee of Trust Certificates for prepayment on such prepayment date bears to (z) the aggregate principal amount of Trust Certificates of such class outstanding on such date.

(b) The Trustee shall send a notice of prepayment by first class mail, postage prepaid, at least ten days prior to each prepayment date to the holders of Trust Certificates to be prepaid in whole or in part, at their last addresses as they shall appear upon the registry books. Failure to give such notice, or any defect therein, as to any Trust Certificate shall not affect the validity of the proceedings for the prepayment of any other Trust Certificate. Any notice which is mailed in the manner herein provided shall be conclusively presumed to have been duly given, whether or not the holder receives the notice.

(c) The notice of prepayment to each holder shall (i) specify the date for prepayment, (ii) state that prepayment of the principal amount of the Trust Certificates or portions thereof to be prepaid will be made by the Trustee only from and out of moneys paid to the Trustee by the Owner-Trustee or the Lessee and applicable thereto and, unless such prepayment is to be made pursuant to the second sentence of the third paragraph of Section 2.02 hereof, that such

prepayment will be made at the Corporate Trust Office, upon presentation and surrender of Trust Certificates so to be prepaid, (iii) state the aggregate principal amount of Trust Certificates of each class to be prepaid in whole or in part and the distinctive numbers of the Trust Certificates of such holder to be prepaid and, in the case of any such Trust Certificates to be prepaid in part, the principal amount thereof to be so prepaid, and (iv) state that from and after such prepayment date interest on such Trust Certificates or on the portions thereof to be prepaid will cease to accrue. The holders of Trust Certificates prepaid in part may, at their option and upon surrender thereof, receive new Trust Certificates of like tenor for the principal amounts remaining unpaid without charge to such holders.

SECTION 3.03. Payment of Trust Certificates Selected for Prepayment. Notice of prepayment having been given as above provided, the Trust Certificates or portions thereof to be prepaid shall become due and payable on such prepayment date and from and after such prepayment date interest on such Trust Certificates or portions thereof shall cease to accrue, and there having been deposited with the Trustee on or before the prepayment date specified in the notice of prepayment, on the Trust Certificates or portions thereof then to be prepaid and accrued interest, such Trust Certificates or portions thereof shall no longer be deemed to be outstanding hereunder and shall cease to be entitled to the benefits of this Agreement except to receive payment from the moneys reserved therefor in the hands of the Trustee. The Trustee shall hold the prepayment moneys in trust for the holders of the Trust Certificates or portions thereof to be prepaid and (subject to the provisions of the second sentence of the third paragraph of Section 2.02 hereof) shall pay the same to such holders respectively upon presentation and surrender of such Trust Certificates.

Except as provided in Sections 2.02 and 3.02 hereof, all Trust Certificates prepaid under this Article Three shall be canceled by the Trustee and no Trust Certificates shall be issued hereunder in place thereof.

ARTICLE FOUR

Acquisition of Trust Equipment by Trustee; Deposited Cash

SECTION 4.01. Acquisition of Equipment by Trustee.

Subject to the terms and conditions of the Participation Agreement, in order to secure payment of the Trust Certificates, the Owner-Trustee shall cause to be transferred to the Trustee, as trustee for the holders of the Trust Certificates, the Equipment described and set forth in Schedule A hereto and such Equipment shall be leased back to the Owner-Trustee pursuant to the provisions of Article Five hereof. Such Equipment has been or will be delivered to the Lessee, which is hereby designated by the Trustee as its agent to receive such delivery, and an Officer's Certificate of the Lessee as to such delivery shall be conclusive evidence of such delivery.

In the event that it may be deemed necessary or desirable to include in the trust created hereby other Equipment in lieu of any of the Equipment specifically described in Schedule A hereto prior to the delivery of such Equipment described in Schedule A to the Lessee, the Owner-Trustee may, in its discretion, cause such other Equipment to be transferred to the Trustee, to be substituted under such trust. In the event of any such substitution, the Owner-Trustee and the Trustee shall execute an agreement supplemental hereto providing for the inclusion of such Equipment in this Agreement.

Any units of Equipment not settled for pursuant to this Article Four on or before April 1, 1975 (herein called the Cut-Off Date), shall be excluded from this Agreement and not included in the term Trust Equipment.

In the event of any such exclusion or substitution, the Owner-Trustee and the Trustee shall execute an agreement supplemental hereto limiting this Agreement to the Trust Equipment theretofore accepted and settled for hereunder and, in the case of units of Equipment delivered but not so settled for, the Trustee and the Owner-Trustee shall execute a bill or bills of sale (without warranties) for such units to the original owner or owners thereof (or to such party as such owner or owners may designate) and the Trustee and the Owner-Trustee shall execute for record in public offices, such instrument or instruments in writing as reasonably shall be requested by such party in order to make clear upon public records such party's full title to such Trust Equipment under the laws of any jurisdiction.

SECTION 4.02. Payment of Deposited Cash. On the Closing Date (as defined in the Manufacturing Agreement), the

Trustee shall, subject to the provisions of Sections 4.03 and 4.04 hereof, pay upon Request of the Owner-Trustee to the Manufacturer of the Equipment transferred to the Trustee by the Owner-Trustee out of Deposited Cash an amount specified in such Request not exceeding 64.25% of the aggregate Cost of such Equipment; provided, however, that no Event of Default, or any event which, with notice and/or lapse of time, could result in an Event of Default, has occurred hereunder or under the Lease.

SECTION 4.03. Payment of Deficiency. The Owner-Trustee covenants that, contemporaneously with any payment by the Trustee pursuant to Section 4.02 hereof with respect to any Equipment transferred to the Trustee by the Owner-Trustee, but subject to the provisions of the Participation Agreement and Section 1.03 of the Trust Agreement and the satisfaction of the conditions set forth in Section 4.04 hereof, it will pay to the Manufacturer of such Equipment 35.75% of the Cost of such Equipment not paid out of Deposited Cash as provided for in Section 4.02 hereof. Unless the Owner-Trustee shall otherwise agree, the total Cost of such Equipment shall not exceed \$9,230,000.

SECTION 4.04. Supporting Papers. The Trustee shall not pay out any Deposited Cash pursuant to Section 4.02 hereof with respect to any Equipment unless and until the Trustee and the Owner-Trustee shall have received, in respect of such Equipment:

(a) an Officer's Certificate of the Lessee, dated the Closing Date, stating that (i) the Equipment described and specified therein by number or numbers has been delivered on the date or dates set forth therein and has been marked in accordance with the provisions of Section 5.06 hereof, (ii) such Equipment is Equipment as herein defined, (iii) such Equipment was first put into service no earlier than the date of delivery to and acceptance by the Lessee, as agent for the Owner-Trustee, (iv) the Cost of such Equipment is an amount therein specified as evidenced by an invoice or invoices of the Manufacturer thereof, which invoices shall specify all special devices, racks or assemblies the cost of which is included in the Cost, and (v) no Event of Default or any event which, with notice and/or lapse of time, could result in an Event of Default, has occurred hereunder or under the Lease;

(b) evidence of payment of the amount to be paid

to the Manufacturer of the Equipment pursuant to Section 4.03 hereof unless such payment is made by the Trustee with funds furnished to it for that purpose by the Owner-Trustee;

(c) a bill or bills of sale from the Manufacturer of the Equipment transferring title to the Owner-Trustee, warranting to the Trustee, the Owner-Trustee and the Lessee that at the time of delivery of such Equipment to the Lessee as agent for the Owner-Trustee, such Manufacturer had legal title to the Equipment described therein and good and lawful right to sell such Equipment and that title to such Equipment was, at the time of such delivery, free from all claims, liens, security interests and other encumbrances of any nature except as created by the Manufacturing Agreement and this Agreement and except for the rights of the Lessee under the Lease;

(d) an opinion of counsel for the Manufacturer of such Equipment, dated the Closing Date, addressed to the Owner-Trustee and the Trustee, to the effect that (i) such Manufacturer is a duly organized and existing corporation in good standing under the laws of the state of its incorporation, (ii) its Manufacturing Agreement has been duly authorized, executed and delivered by such Manufacturer and, assuming the due authorization, execution and delivery by the Lessee, is a legal and valid instrument binding upon and enforceable against such Manufacturer in accordance with its terms, (iii) the units of such Equipment, at the time of delivery thereof, were free of all claims, liens, security interests and other encumbrances of any nature except as created by such Manufacturing Agreement or the Lease and (iv) such bill or bills of sale have been duly authorized, executed and delivered by such Manufacturer and are valid and effective to transfer title, free of all claims, liens, security interests or other encumbrances of any nature of or arising from, through or under such Manufacturer, to such Equipment to the Owner-Trustee;

(e) a bill or bills of sale from the Owner-Trustee consenting to such bill or bills of sale from the Manufacturer, transferring such Equipment to the Trustee and warranting to the Trustee that such Equipment is free from any claim, lien, security interest or other encumbrance resulting from any action by the Owner-Trustee

except as created by this Agreement and except for the rights of the Lessee under the Lease.

(f) an Opinion of Counsel for the Owner-Trustee, dated the Closing Date, addressed to the Trustee to the effect that (i) the bill or bills of sale from the Owner-Trustee are valid and effective, together with this Agreement, to vest in the Trustee a security interest in such Equipment which is prior to any claim, lien, security interest or other encumbrance, resulting from any action by the Owner-Trustee, other than as provided in subparagraph (e) above and (ii) the Lease, the Lease Assignment and any supplements thereto have been duly authorized, executed and delivered by the Owner-Trustee and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute legal, valid and binding agreements enforceable against the Owner-Trustee in accordance with their terms; provided that counsel for the Owner-Trustee in giving such opinion may rely as to matters of fact upon a certificate of an authorized officer of the Owner-Trustee;

(g) an Opinion of Counsel for the Lessee, dated the Closing Date, addressed to the Trustee and the Owner-Trustee to the effect that (i) the Lease, the Participation Agreement, the Manufacturing Agreement and any assignment or reassignment thereof, and the Consent have been duly authorized, executed and delivered by the Lessee and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute valid, legal and binding agreements, enforceable in accordance with their terms and (ii) the Lease, the Lease Assignment, this Agreement and any supplements hereto and thereto have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and such filing and recordation will protect the Trustee's security interest in and to such Equipment and such Lease and no other filing, recording or deposit (or giving of notice) with any Federal, state or local government or agency or instrumentality thereof is necessary to protect the interests of the Trustee in and to such Equipment and the Lease in the United States of America;

(h) in the case of any Trust Equipment not specifically described in Annex A hereto, an Opinion of Counsel

addressed to the Trustee, dated the Closing Date, that a proper supplement hereto in respect of such Trust Equipment has been duly executed by the Trustee and the Owner-Trustee, that a proper supplement to the Lease in respect of such Trust Equipment has been duly executed by the Owner-Trustee and the Lessee and that each of such supplements has been duly filed and recorded in accordance with Section 7.02 hereof; and

(i) such other documents as the Trustee may reasonably request.

Counsel may qualify any opinion specified above to the effect that any agreement is enforceable against the parties thereto in accordance with its terms by a general reference to limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

ARTICLE FIVE

Lease of Trust Equipment to the Owner-Trustee

SECTION 5.01. Lease of Trust Equipment. The Trustee does hereby let and lease, as herein provided, all the units of Trust Equipment transferred to the Trustee by the Owner-Trustee to the Owner-Trustee, for a term ending on April 1, 1993.

SECTION 5.02. Substituted Equipment Subject Hereto. In the event that the Owner-Trustee shall, as provided in Section 4.01 hereof, cause to be transferred to the Trustee other Equipment in substitution for any of the Equipment herein specifically described, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee and the Owner-Trustee and shall be subject to all the terms and conditions hereof in all respects as though it had been part of the Trust Equipment herein specifically described.

SECTION 5.03. Equipment Automatically Subjected. As and when any Equipment shall from time to time be accepted under a Manufacturing Agreement, the same shall be deemed accepted hereunder immediately upon execution and delivery hereof and shall at that time, ipso facto and without further

instrument or lease, transfer or acceptance except as expressly provided herein, pass under and become subject to all the terms and provisions hereof.

SECTION 5.04. Rental Payments. The Owner-Trustee hereby accepts the lease of the units of Trust Equipment transferred by the Owner-Trustee to the Trustee hereunder and covenants and agrees to accept delivery and possession hereunder of such Trust Equipment as hereinbefore provided; and, subject to the provisions of the last paragraph of this Section 5.04, the Owner-Trustee covenants and agrees to pay to the Trustee (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, amounts (herein called "rent" or "rentals") which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable:

(a) from time to time upon demand of the Trustee the necessary and reasonable expenses of the trust hereby created, including compensation and expenses provided for herein;

(b) from time to time upon demand of the Trustee any and all taxes (other than taxes imposed on or measured by the net income of the Trustee or any holder or general corporation or franchise or like taxes measured by the Trustee's or any holder's capital, capital stock or net worth), assessments and governmental charges upon or on account of the income or property of the trust hereby created, or upon or on account of this Agreement, which the Trustee as such may be required to pay;

(c)(i) the amount of the interest payable on the Trust Certificates, when and as the same shall become payable, and (ii) interest at the Penalty Rate from the due date, upon the amount of any instalments of rental payable under this subparagraph (c) and the following subparagraph (d) which shall not be paid when due, to the extent legally enforceable; and

(d) the instalments of principal of the Trust Certificates, when and as the same shall become payable, whether upon the stated date of maturity thereof or otherwise under the provisions thereof or of this Agreement.

Nothing contained herein or in the Trust Certificates shall be deemed to impose on the Trustee or on the Owner-Trustee (except as provided in paragraph (b) above) any obligation to pay to the holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America or of any State, county, municipality or other taxing authority thereof to be paid by or in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate. The Owner-Trustee shall not be required to pay any tax, assessment or governmental charge pursuant to paragraph (b) above so long as it or the Lessee shall in good faith and by appropriate legal proceedings contest the validity thereof; provided, however, that in the judgment of the Trustee, and as set forth in an Opinion of Counsel which shall have been furnished to the Trustee by the Owner-Trustee or the Lessee, the rights or interests of the Trustee and of the holders of the Trust Certificates will not be materially endangered thereby.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles Six and Seven hereof, it is understood and agreed by the Trustee on behalf of itself and the holders of the Trust Certificates that (i) liability of the Owner-Trustee for all payments to be made by it under and pursuant to this Agreement (other than the payments called for by Section 4.03 hereof) and in respect of all performance obligations hereunder, shall not exceed an amount equal to the income and proceeds from the Trust Equipment and (ii) the Beneficiary shall have no liability whatever with respect to any payments or performance obligations due under or pursuant to this Agreement. As used herein the term "income and proceeds from the Trust Equipment" shall mean (i) if an Event of Default shall have occurred and while it shall be continuing so much of the following amounts as are indefeasibly received by the Owner-Trustee (or any assignee of the Owner-Trustee) at any time after any Event of Default and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences paid for or with respect to such Trust Equipment pursuant to the Lease and (b) any and all other payments or proceeds received pursuant to the Lease or for or with respect to such Trust Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner-Trustee pursuant to such Lease as are indefeasibly received by the Owner-Trustee or any assignee of the Owner-Trustee and as shall equal the rental payments

specified in the first paragraph of this Section 5.04 due and payable by the Owner-Trustee on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences) then due and payable under this Agreement; it being understood that "income and proceeds from the Trust Equipment" shall in no event include amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner-Trustee or any assignee of the Owner-Trustee prior to the existence of such an Event of Default which exceeded the amounts required to make the rental payments specified in the first paragraph of this Section 5.04 due and payable by the Owner-Trustee on the date on which amounts with respect thereto received by the Owner-Trustee or any assignee of the Owner-Trustee were required to be paid pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease. The Trustee agrees that if it obtains a judgment against the Owner-Trustee for an amount in excess of the amounts payable by the Owner-Trustee pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount and it will not bring suit against the Owner-Trustee for any sums in addition to the amounts payable by the Owner-Trustee pursuant to said limitations (or obtain a judgment, order or decree against the Owner-Trustee for any relief other than the payment of money) except as may be required by applicable rules of procedure to enforce against the Trust Equipment, the Lessee and the Lease (rather than against the Owner-Trustee personally), by appropriate proceedings against the Owner-Trustee at law or in equity or otherwise; the obligation to make the payments to be made pursuant to this Section 5.04 or any other payments or performance obligations due to the Trustee under this Agreement. Nothing contained herein limiting the liability of the Owner-Trustee shall derogate from the right of the Trustee to proceed against the Trust Equipment or the Lessee as provided for herein or in the Lease or the Consent for the full unpaid principal amount of the Trust Certificates and interest thereon.

SECTION 5.05. Termination. The transfer to the Trustee by the Owner-Trustee and the leaseback to the Owner-Trustee by the Trustee of the units of Trust Equipment pursuant to this Agreement are intended solely to create a security interest in such units of Trust Equipment in favor of Trustee in order to secure the performance by the Owner-Trustee of its obligations under this Agreement and the

payment of all sums payable pursuant to this Agreement (without regard to the provisions of the last paragraph of Section 5.04 or Section 10.06 hereof) and ownership of such units of Trust Equipment shall be and remain in the Owner-Trustee ~~subject to the performance of all such obligations under this Agreement and the payment of all such sums.~~ Accordingly, after all payments due or to become due hereunder shall have been completed and fully made to or for the account of the Trustee (without regard to the provisions of the last paragraph of Section 5.04 or 10.06 hereof), (a) such payments shall be deemed to represent the discharge in full of the Trustee's security interest in the Trust Equipment at such time, (b) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee (to the extent not paid from another source), including its reasonable compensation, shall be paid to the Owner-Trustee, and (c) the Trustee shall execute for record in public offices such instrument or instruments in writing as reasonably shall be requested by the Owner-Trustee in order to discharge of record the security interest of the Trustee in, and to make clear upon public records the Owner-Trustee's full title to, such units of the Trust Equipment under the laws of any jurisdiction.

SECTION 5.06. Marking of Trust Equipment. The Owner-Trustee agrees that it will cause each unit of the Trust Equipment to be kept plainly, distinctly, permanently and conspicuously marked on each side of such unit, in letters not less than one inch in height, the following words:

"OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c"

or other appropriate words designated by the Trustee, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the security interest of the Trustee in such unit and the rights of the Trustee under this Agreement.

The Owner-Trustee will not place or permit any unit of the Trust Equipment to be placed in operation or exercise any control or dominion over the same until such words have been so marked on both sides thereof and will replace or cause to be replaced promptly any such words which may be removed, defaced or destroyed. The Owner-Trustee shall not change, or permit to be changed, the identifying number of any unit of the Trust Equipment except in accordance with a statement

of new identifying numbers to be substituted therefor, which statement previously shall have been filed with the Trustee and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

Except as above provided, the Owner-Trustee will not allow the name of any person to be placed on the units of the Trust Equipment as a designation that might be interpreted as a claim of full legal ownership; provided, however, that the Owner-Trustee may permit the Trust Equipment to be lettered with the names, initials or other insignia customarily used by the Lessee on railroad equipment used by it of the same or a similar type for convenience of identification of its right to use the Trust Equipment under the Lease, and the Trust Equipment may be lettered in an appropriate manner for convenience of identification of the interest of the Lessee therein.

SECTION 5.07. Maintenance of Trust Equipment; Casualty Occurrences. The Owner-Trustee agrees that it will maintain or cause to be maintained and keep or cause to be kept the Trust Equipment in good order and proper repair at its own cost and expense, unless and until worn out, lost, stolen, destroyed, or, in the opinion of the Owner-Trustee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss or possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government or returned to a Manufacturer thereof against refund of the Cost thereof in event of a claim pursuant to said Manufacturer's warranty (any of such occurrences being hereinafter called a Casualty Occurrence).

Whenever any unit of the Trust Equipment shall suffer a Casualty Occurrence, the Owner-Trustee shall, promptly after it is informed of such Casualty Occurrence under the Lease, cause the Lessee to deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the amount to be deposited with the Trustee as hereinafter in this Section 5.07 provided and the method of determination of the Fair Value of such unit. On the October 1 or April 1, as the case may be, next succeeding the delivery of such Officer's Certificate (or, in the event such date will occur within 60 days after delivery of such Officer's Certificate, on the following October 1 or April 1, as the case may be), the Owner-Trustee shall deposit with the Trustee (subject to the provisions of the last paragraph of Section 5.04 hereof) an amount in cash equal to the Fair Value of such unit as of such date and, upon such payment, the security

interest of the Trustee in such unit of Trust Equipment shall terminate and the Trustee shall execute for recording in public offices such instrument or instruments in writing as reasonably shall be requested by the Owner-Trustee in order to discharge the security interest of the Trustee in, and to make clear upon public records the Owner-Trustee's full title to, such unit under the laws of any jurisdiction.

Any moneys deposited with the Trustee pursuant to the next preceding paragraph shall be applied by the Trustee, on April or October 1, as the case may be, in respect of which such moneys are required to be deposited, to the prepayment of Trust Certificates on said date as provided in Article Three hereof.

The Owner-Trustee covenants and agrees to furnish to the Trustee, on or before April 1 in each year, commencing with the year 1976, an Officer's Certificate, as of the preceding December 31, (i) showing the amount, description and numbers of all of its respective units of Trust Equipment then subject hereto and the amount, description and numbers of all such units of Trust Equipment that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement in the case of the first such Officer's Certificate) or have been withdrawn from use pending repair (other than normal running repairs), and such other information regarding the condition and state of repair of such units of Trust Equipment as the Trustee may reasonably request and (ii) stating that in the case of all such units of Trust Equipment repainted or repaired during the period covered thereby the marks required by Section 5.06 hereof have been preserved or replaced. The Trustee, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect the records of the Owner-Trustee with respect to the Trust Equipment, and the Owner-Trustee covenants in that event to furnish to the Trustee all reasonable facilities for the making of such inspection.

SECTION 5.08. Possession of Trust Equipment. So long as no Event of Default has occurred and is continuing hereunder, the Owner-Trustee shall be entitled to the possession and use of the Trust Equipment and also to enter into the Lease, and to permit the use of the Trust Equipment as provided in the Lease. The Owner-Trustee hereby agrees that the Lease and the rights of the Owner-Trustee to receive rentals and other payments due and to become due thereunder, shall be subject and subordinate to this Agreement and to the rights of the Trustee and the holders of Trust Certificates under the Consent.

Except as permitted by the Trust Agreement, the Owner-Trustee will not sell, assign or transfer its rights under this Agreement or, except as provided in this Section 5.08, transfer the right to possession of any unit of the Trust Equipment. The Owner-Trustee will not amend or consent to any substantial change in the Trust Agreement which adversely affects the rights of the Trustee or the holders of Trust Certificates without the prior written consent of the Trustee.

SECTION 5.09. Indemnity; Compliance with Laws and Rules. To the extent, and only to the extent, of funds available for the purpose under the last paragraph of Section 5.04 hereof, the Owner-Trustee covenants and agrees to indemnify and save harmless the Trustee against any charge or claim made against the Trustee and against any expense, loss or liability (including but not limited to counsel fees and expenses, strict or absolute liability imposed by statute or rule of law patent liabilities, penalties and interest) which the Trustee may incur in any manner by reason of the issuance of the Trust Certificates or by reason of entering into or performing this Agreement, any of the instruments or agreements referred to herein or contemplated hereby or the interest in, 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 of the Trust Equipment while subject to this Agreement or until no longer in the possession of or stored by the Owner-Trustee or the Lessee, whichever is later, and to indemnify and save harmless the Trustee 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 of the Trust Equipment resulting in damage to property, or injury to or death of any person, except any charge, claim, expense, loss or liability arising out of any tort or breach of warranty by a Manufacturer. The indemnities contained in this paragraph shall survive payment of all other obligations under this Agreement and the Trust Certificates and the termination of this Agreement. The Owner-Trustee agrees to comply in all respects with all laws of the jurisdictions in which operations involving any unit subject to this Agreement may extend, with the Interchange Rules of the Association of American Railroads, if applicable, and with all lawful rules of the Interstate Commerce Commission, if applicable, the Federal Railroad Administrator and any other 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, subject to the

limitations contained in the first sentence of this Section 5.09, the Owner-Trustee shall and does hereby indemnify the Trustee and agrees to hold the Trustee harmless from and against any and all liability that may arise from any infringement or violation of any such laws or rules by the Owner-Trustee or any other person. In the event that such laws or rules require the alteration of any such unit 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 and rules, the Owner-Trustee agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such unit in full compliance with such laws and rules so long as such unit is subject to this Agreement; provided, however, that the Owner-Trustee or 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 Trustee, adversely affect the property or rights of the Trustee or the holders of the Trust Certificates.

ARTICLE SIX

Events of Default and Remedies

SECTION 6.01. Events of Default. The Owner-Trustee covenants and agrees that in case:

(a) the Owner-Trustee shall default in the payment of any part of the rental payable under Sections 5.04(c) and (d) hereof (irrespective of the provisions of Sections 5.04 and 10.06 hereof limiting the liability of the Owner-Trustee) and such default shall continue for 15 days after the same shall have become due and payable and seven days after the Trustee shall have notified the Owner-Trustee and the Lessee of such default, or

(b) the Owner-Trustee shall (irrespective of the provisions of Sections 5.04 and 10.06 hereof limiting the liability of the Owner-Trustee) for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance, or

(c) the Owner-Trustee, except as herein authorized or contemplated, shall make or suffer any unauthorized transfer or sublease (including, for the purpose of this clause, contracts for the use thereof) of any unit of the Trust Equipment, or shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such transfer or sublease to be canceled by agreement of all parties having any interest therein or recover possession of such Trust Equipment, as the case may be, within 30 days after the Trustee shall have demanded in writing such cancelation or recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the Fair Value of such unit of Trust Equipment (any sum so deposited to be returned to the Owner-Trustee upon the cancelation of such transfer or sublease or the recovery of possession by the Owner-Trustee of such Trust Equipment). or

(d) any proceeding shall be commenced by or against the Beneficiary for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, 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 ineffectiveness shall continue), all the obligations of the Owner-Trustee shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Beneficiary or for the property of the Beneficiary in connection with any such proceedings, or by an owner-trustee appointed or acting under the direction of said trustee, trustees or receiver or receivers, in such manner that such obligations have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such such proceedings shall have been commenced, whichever shall be earlier, or

(e) any proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and,

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 ineffectiveness shall continue), all the obligations of the Lessee under the Lease, under this Agreement and under the Consent shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) 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 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier, or

(f) any representation of the Lessee made in the Purchase Agreement or pursuant thereto shall prove to have been false in any material respect on the date as of which made,

then, in any such case (herein sometimes called an Event of Default), and so long as such Event of Default shall be continuing, the Trustee in its discretion may, and upon the written request of the holders of not less than 33-1/3% in principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Owner-Trustee and the Lessee declare to be due and payable forthwith the entire amount of the rentals (including any unpaid rental then due, but not including rentals required for the payment of interest accruing after the date of such declaration) payable by the Owner-Trustee as set forth in Section 5.04 hereof for the entire remaining term of the lease evidenced hereby and not heretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the Penalty Rate, to the extent legally enforceable, on any portion thereof overdue.

In addition, in case one or more Events of Default shall happen and be continuing, the Trustee in its discretion may, and upon the written request of the holders of not less than 33-1/3% in principal amount of the then outstanding Trust

Certificates shall, by notice in writing delivered to the Owner-Trustee and the Lessee, declare the principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case the Owner-Trustee shall fail to pay any instalment of rental payable pursuant to Section 5.04(c) or (d) hereof on the date when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of 15 days after such date and for seven days after the Trustee shall have notified the Owner-Trustee and the Lessee of such default, 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 the rentals so 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 Owner-Trustee and collect in the manner provided by law out of the property of the Owner-Trustee (including the Trust Equipment), wherever situated, the moneys adjudged or decreed to be payable (subject to the provisions of the last paragraph of Section 5.04 hereof).

The Trustee, irrespective of whether the rental payments hereunder or the principal amount of the Trust 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 this Section 6.01, 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 unpaid rentals 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, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee) and of the holders of the Trust Certificates allowed in any bankruptcy or reorganization proceedings which could affect the interests of the Trustee hereunder or under the Lease, 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 Trust 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 Trust 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 Trust Certificates, to pay to the Trustee such amount as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee.

All rights of action and to assert claims under this Agreement, or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceeding instituted by the Trustee shall be brought in its own name and as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provision of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

SECTION 6.02. Remedies. In case an Event of Default shall occur and be continuing and the Trustee shall have declared due and payable the entire amount of the rentals as provided in Section 6.01 hereof, the Trustee may, upon five days' notice and, subject to any mandatory requirements of law, by its agents enter upon the premises where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive, retain and apply in accordance with Section 6.03 hereof all unpaid per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession sell all or any part of the Trust Equipment, free from any and all claims of the Owner-

Trustee at law or in equity, in one lot and as an entirety or in separate lots, 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 the outstanding Trust Certificates in the manner herein provided; provided, however, that if, prior to such sale or the making of a contract therefor, or within 30 days after the Trustee shall have notified the Owner-Trustee of its intention to take possession, withdraw, or lease the Trust Equipment (which notice the Trustee agrees to furnish in case it intends to take possession, withdraw, or lease), the Owner-Trustee should tender full payment of the total unpaid principal of all the Trust Certificates then outstanding, together with interest thereon accrued and unpaid and all other amounts due under this Agreement as well as all expenses of the Trustee in taking possession of, storing, preparing the Trust Equipment for, and otherwise arranging for, the sale or leasing of the Trust Equipment, including reasonable attorneys' fees, then in such event absolute right to the possession of, title to and property in the Trust Equipment shall pass to and vest in the Owner-Trustee. Upon any such public sale, the Trustee itself or any holder of Trust Certificates 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 Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that any sale is held in a commercially reasonable manner and the Owner-Trustee has received ten day's notice of and has a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal or lease or sale of the Trust Equipment, the Owner-Trustee shall cease to have any rights or remedies in respect of the Trust Equipment hereunder (except as provided in Section 6.03 hereof), but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Owner-Trustee, and no payments theretofore made by the Owner-Trustee for the rent or use of the Trust Equipment or any of it shall, in case of the happening of any Event of Default and such taking possession, withdrawal, lease or sale by the Trustee, give to the Owner-Trustee any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of the outstanding Trust Certificates. No such taking possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be

a bar to the recovery by the Trustee from the Owner-Trustee of rentals then or thereafter due and payable, and the Owner-Trustee (subject to the provisions of the last paragraph of Section 5.04 hereof) shall be and remain liable for the same until such sums shall have been received by the Trustee as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the items mentioned in Section 5.04 hereof (other than interest not then accrued), whether or not they shall have then matured.

SECTION 6.03. Application of Proceeds. If an Event of Default shall occur and be continuing and the Trustee shall exercise any of the powers conferred upon it by Sections 6.01 and 6.02 hereof, all payments made by the Owner-Trustee to the Trustee hereunder after such Event of Default, and the proceeds of any judgment collected hereunder from the Owner-Trustee by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates pursuant to Section 3.03 hereof), shall be applied by the Trustee to the payment in the following order of priority: (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement, and (b) of the interest then due, with interest on overdue interest at the Penalty Rate to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the Penalty Rate to the extent legally enforceable from the last preceding interest payment date, whether such Trust Certificates shall have then matured by their terms or not, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, first to the payment of interest then due, with interest on overdue interest to the extent legally enforceable, and second to the principal then outstanding.

If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, the Owner-Trustee (subject to the provisions of the last paragraph of Section 5.04 hereof) agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Owner-Trustee.

SECTION 6.04. Waivers of Default. If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as in Section 6.01 hereof provided, but before April 1, 1993, all arrears of rent (with interest at the Penalty Rate upon any overdue instalments to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by the Owner-Trustee's default, and all other sums which shall have become due and payable by the Owner-Trustee hereunder (other than the principal of Trust Certificates and any other rental instalments which shall not at the time have matured according to their terms), shall be paid by the Owner-Trustee (irrespective of the provisions of the last paragraph of Section 5.04 hereof) before any sale or lease by the Trustee of any of the Trust Equipment, and every other default in the observance or performance of any covenant or condition hereof shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested or consented to by the holders of two-thirds of the principal amount of Trust Certificates then outstanding, shall by written notice to the Owner-Trustee waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 6.05. Obligations of Owner-Trustee Not Affected by Remedies. No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Owner-Trustee or in respect of the Trust Equipment, on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Owner-Trustee by the Trustee or by any such holder shall affect the obligations of the Owner-Trustee hereunder. Except as provided herein, the Owner-Trustee hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 6.06. Owner-Trustee to Deliver Trust Equipment to Trustee. In case the Trustee shall demand possession of the Trust Equipment pursuant to the provisions hereof, the Owner-Trustee shall at its own expense (subject

to the provisions of the last paragraph of Section 5.04 hereof) promptly cause the Trust Equipment to be transported to such point or points as shall reasonably be designated by the Trustee and shall there deliver or cause to be delivered the same to the Trustee, or the Trustee may at its option keep the Trust Equipment, without expense to the Trustee, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. It is hereby expressly covenanted and agreed that the performance of the aforesaid covenant is of the essence of this Agreement and that upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Owner-Trustee requiring the specific performance thereof.

SECTION 6.07. Trustee to Give Notice of Default. The Trustee shall give to the holders of the Trust Certificates notice of each Event of Default hereunder known to the Trustee, within 30 days after it learns of the same, unless remedied or cured before the giving of such notice.

SECTION 6.08. Control by Holders of Trust Certificates. The holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercise any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction if the Trustee shall be advised by counsel that the action so directed would be in conflict with any other provision of this Agreement or any rule of law.

SECTION 6.09. Unconditional Right of Holders of Trust Certificates to Sue for Principal and Interest. Subject to the provisions of the last paragraph of Section 5.04, the right of any holder of any Trust Certificate to receive payment of the principal of, and interest on, such Trust Certificate, on or after the respective due dates expressed in such Trust 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, except that no such suit shall be instituted if and to the extent that the institution or prosecution thereof or the entry therein would, under applicable law, result in the surrender, impairment, waiver or

loss of the security interest reserved under this Agreement upon any property subject hereto.

SECTION 6.10. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust 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 favor existing at law or in equity and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Owner-Trustee.

ARTICLE SEVEN

Additional Covenants and Agreements by the Owner-Trustee

SECTION 7.01. Discharge of Impositions. All payments required to be borne by the Owner-Trustee under this Agreement are exclusive of, and the Owner-Trustee agrees to pay, all taxes, expenses, assessments, fees and charges, fines or penalties (hereinafter called "impositions") levied or imposed by any governmental unit (domestic or foreign), or any agency or instrumentality thereof other than taxes imposed on or measured by the net income of the Trustee or general corporation franchise (or like) taxes measured by the Trustee's capital, capital stock or net worth:

- (a) with respect to this Agreement;
- (b) upon the Trust Equipment or any interest of the Owner-Trustee or the Trustee therein;
- (c) upon or on account of the sale, purchase, rental, ownership, possession, use, operation, maintenance, shipment, delivery or return of the Trust Equipment or transfer of title under the terms of this Agreement or the Lease; or
- (d) on account of or measured by the earnings or gross receipts arising from the Equipment, or the value added thereto.

The Owner-Trustee shall bear the burden to cause the making

of timely remittances to appropriate governmental units of all such impositions and to cause the timely filings with each appropriate governmental unit, of all returns, statements and reports legally required with respect thereto and shall with respect to any state or political subdivision thereof, of the United States of America, file required returns, statements, and reports relating to sales or use taxes, and taxes, fees and charges on or measured by the Trustee's earnings or gross receipts arising from the Trust Equipment, or the value added by the Trustee thereto, and remit the amount thereof.

If the Trustee remits any imposition required hereunder to be borne by the Owner-Trustee, reimbursement thereof shall be made by the Owner-Trustee promptly upon the Trustee's demand.

The Owner-Trustee at all times shall keep all and every part of each unit free and clear of all impositions which might in any way affect the title of the Trustee, the Owner-Trustee, or the interest of the Beneficiary or result in a lien upon any such unit; provided, however, that the Owner-Trustee shall not be required to remit to any governmental unit any imposition, unless remittance may not legally be withheld, or the nonpayment thereof, in the opinion of the Owner-Trustee, adversely affects the title of the Owner-Trustee or the interests of the Beneficiary therein or in the opinion of the Trustee adversely affects the interest of the Trustee therein, if and so long as it or the Lessee is in good faith, with due diligence, and by appropriate judicial or administrative proceedings, contesting the validity, applicability, or amount thereof.

The Owner-Trustee shall furnish promptly upon request such data as the Trustee reasonably may require to permit the Trustee's compliance with the requirements of taxing jurisdictions.

In the event that during the continuance of this Agreement, the Owner-Trustee becomes liable for any remittance or reimbursement pursuant to this Section 7.01, such liability shall continue notwithstanding the expiration of this Agreement, until such imposition is remitted or the Trustee is reimbursed therefor.

SECTION 7.02. Recording. The Owner-Trustee will, promptly after the execution and delivery of this Agreement, the Lease, the Lease Assignment and each supplement hereto and thereto, respectively, cause this

Agreement, the Lease, the Lease Assignment and each such supplement to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Owner-Trustee will from time to time do and perform any other act and will execute, acknowledge, deliver and file, register and record any and all further instruments required by law or reasonably requested by the Trustee for the purposes of proper protection of the security interest of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof, and will furnish an Opinion or Opinions of Counsel in connection with such filing, registration, and recordation; provided, however, that the Owner-Trustee and the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (a) the Owner-Trustee and the Lessee deem such action to be unduly burdensome and (b) after giving effect to the failure to take such action, the Owner-Trustee and the Lessee have taken all action required by law to protect the security interest of the Trustee to units of Trust Equipment having a Fair Value of not less than 85% of the aggregate Fair Value of all Trust Equipment.

SECTION 7.03. Further Assurances. The Owner-Trustee covenants and agrees from time to time to execute all such instruments of further assurance as shall be reasonably requested by the Trustee for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

ARTICLE EIGHT

Concerning the Holders of Trust Certificates

SECTION 8.01. Evidence of Action Taken by Holders of Trust Certificates. Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate principal amount of the outstanding Trust Certificates may take any action (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 by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 8.02. Proof of Execution of Instruments and of Holding of Trust Certificates. Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust 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 the United States of America authorized to administer oaths or to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer.

The ownership of Trust Certificates may be proved by the register of such Trust Certificates to be kept as provided in Section 2.03(e) hereof.

SECTION 8.03. Trust Certificates Owned by the Owner-Trustee or the Lessee. In determining whether the holders of the requisite principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by the Owner-Trustee, by the Lessee or by an affiliate of the Owner-Trustee or the Lessee 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 Trust Certificates which the Trustee knows are so owned shall be disregarded, and except that this Section 8.03 shall not be applicable to the Owner-Trustee or an affiliate of the Owner-Trustee if all the Trust Certificates are owned by the Owner-Trustee or by one or more affiliates of the Owner-Trustee.

SECTION 8.04. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01 hereof, of the taking of any action by the holders of the required percentage in aggregate principal amount of the outstanding Trust Certificates specified in this Agreement, any holder of a Trust Certificate may, by filing written notice with the Trustee at the Corporate Trust Office and upon proof of holding as provided in Section 8.02 hereof, revoke such action in so far as such action concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate

shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the required percentage in aggregate principal amount of the outstanding Trust Certificates specified in this Agreement shall be conclusive and binding upon the Owner-Trustee, the Trustee and the holders of all the Trust Certificates.

ARTICLE NINE

The Trustee

SECTION 9.01. Acceptance of Trust. The Trustee hereby accepts the trust imposed upon it by this Agreement and covenants and agrees to perform the same as herein expressed.

SECTION 9.02. Duties and Responsibilities of the Trustee. The Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

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

(a) prior to the occurrence of an Event of Default and after the curing of all Events of Default which may have occurred:

(1) the duties and obligations of the Trustee shall be determined solely by the express provisions of this Agreement, and the Trustee shall not be liable except for the performance of such duties and obligations as are specifically set forth in this Agreement, and no implied covenants or obligations shall be read into this Agreement 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 Agreement; 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 of this Agreement;

(b) the Trustee shall not be liable for any error of judgment made in good faith, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts or that its action or inaction was contrary to the express provisions of this Agreement;

(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 unpaid principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust power conferred upon the Trustee, under this Agreement;

(d) 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, Trust Certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) 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 and not contrary to any express provision of this Agreement;

(f) the Trustee shall be under no obligation to exercise any of its rights or powers vested in it by this Agreement at the request, order or direction of any

of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, 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 to the extent such security or indemnity shall not be furnished by the Owner-Trustee or the Lessee pursuant to the provisions hereof or of the Lease; and

(g) 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 upon it by this Agreement.

SECTION 9.03. Application of Rentals; Responsibility of Trustee to Insure or Record. The Trustee covenants and agrees to apply and distribute the rentals received by it under Section 5.04 hereof when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in said Section 5.04.

The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment or to undertake any other act or duty under this Agreement (except pursuant to express provisions hereof) until fully indemnified to its satisfaction by the Owner-Trustee or by one or more of the holders of the Trust Certificates against all liability and expenses; and the Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Agreement or of any supplement hereto.

SECTION 9.04. Funds May be Held by Trustee. Any moneys at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried as a general deposit and need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Owner-Trustee to pay thereon.

SECTION 9.05. Trustee Not Liable for Delivery Delays or Defects in Equipment of Title. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the Manufacturer thereof or of the Owner-Trustee, or for any

defect in any of the Trust 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 in respect of the value thereof or in respect of the title thereto.

The Trustee may perform its powers and duties hereunder by or through such attorneys, agents and servants as it shall appoint, and shall be entitled to rely upon an Opinion of Counsel, and shall be answerable for only its own acts, negligence and willful defaults and not for the default or misconduct of any attorney, agent or servant appointed by it with reasonable care and in good faith. The Trustee shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement or of the Trust Certificates (except for its own execution thereof), or for any mistake of fact or law.

The Trustee shall be entitled to receive payment of all its expenses and disbursements hereunder, including reasonable counsel fees, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by Itel Leasing Corporation, except for expenses, disbursements and compensation resulting from action taken by the Trustee at the request of the Beneficiary whether acting through the Owner-Trustee or directly or extraordinary action taken by the Trustee during the continuance of an Event of Default which will be paid by the Owner-Trustee, subject to the limitations set forth in Section 5.04 hereof.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates with the same rights which it would have if it were not Trustee.

Any moneys at any time held by the Trustee hereunder shall, until paid out by the Trustee as herein provided, be held by it in trust as herein provided for the benefit of the holders of the Trust Certificates.

SECTION 9.06. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may resign and be discharged of the trust created by this Agreement by giving 30 days' written notice to the Owner-Trustee, the Lessee and the holders of the then outstanding Trust Certificates, but such resignation shall not take effect until receipt by the Trustee of an instrument of acceptance executed by a successor trustee as hereinafter provided in Section 9.07 hereof.

(b) The Trustee may be removed at any time by an instrument in writing signed by the holders of a majority in principal amount of the Trust Certificates then outstanding, delivered to the Trustee and to the Owner-Trustee.

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority of the aggregate principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Owner-Trustee and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, the Owner-Trustee, by an instrument in writing, shall appoint a trustee to fill such vacancy. A successor trustee so appointed by the Owner-Trustee shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above. Every successor trustee appointed pursuant to this Section 9.06 shall be a national bank, or a bank or trust company incorporated under the laws of the State of New York, having its principal office in the Borough of Manhattan in The City of New York, and having capital and surplus of not less than \$100,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) The Owner-Trustee shall give notice of each appointment by the Owner-Trustee of a successor trustee pursuant to paragraph (c) of this Section 9.06 by mailing written notice of such event by first class mail, postage prepaid, to the holders of all outstanding Trust Certificates.

SECTION 9.07. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 9.06 hereof shall execute, acknowledge and deliver to the Owner-Trustee 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, with like effect as if originally named as Trustee herein; but, nevertheless, on the written request of the Owner-Trustee or 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. Upon request of any such successor trustee, the Owner-Trustee shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 9.05 hereof.

SECTION 9.08. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or with which it may be consolidated or any corporation resulting from any merger or consolidation to which the Trustee shall be a party or any corporation succeeding to all or substantially all the corporate trust business of the Trustee shall be the successor of the Trustee hereunder, provided that such corporation shall be qualified under the provisions of Section 9.06 hereof, 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.

ARTICLE TEN

Miscellaneous

SECTION 10.01 Rights Confined to Parties and Holders. Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, other than the parties hereto and the holders of the Trust Certificates, any right, remedy or claim under or by reason of this Agreement 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 the holders of the Trust Certificates.

SECTION 10.02. No Recourse. No recourse under or upon any obligation, covenant or agreement of this Agreement, or for any claim based thereon or otherwise in respect thereof shall be had against any stockholder, officer or director, as such, past, present or future, of the Owner-Trustee or against the Beneficiary, 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 Agreement is solely a corporate obligation, and that

no personal liability whatever shall attach to or be incurred by the stockholders, officers or directors, as such, of the Owner-Trustee, under or by reason of any of the obligations covenants and agreements contained in this Agreement, 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 and consideration for the execution of this Agreement.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each of and all the representations, covenants, undertakings and agreements herein made on the part of the Owner-Trustee, are made and intended not as personal representations, covenants, undertakings and agreements by Trust Company Bank, or for the purpose or with the intention of binding such bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by such bank not in its own right but solely in the exercise of the powers expressly conferred on it as trustee under the Trust Agreement. The term Owner-Trustee, as used herein, shall refer to any successor trustee appointed pursuant to the Trust Agreement.

SECTION 10.03. Binding Upon Assigns. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 10.04. Notices. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by prepaid first class mail (a) to the Owner-Trustee at P. O. Drawer 4625, Atlanta, Georgia 31302, attention: Corporate Trust Department or such other address as may hereafter be furnished to the Trustee in writing by the Owner-Trustee and (b) to the Trustee at the Corporate Trust Office, or at such other address as may hereafter be furnished to the Owner-Trustee in writing by the Trustee.

SECTION 10.05. Amendment or Waiver. Any provision of this Agreement may be amended, by an instrument executed by the parties hereto, or waived, in either case with the written consent of the holders of not less than 66-2/3% of the aggregate unpaid principal amount of Trust Certificates

then outstanding; provided, however, that no such amendment or waiver shall (a) reduce the amount of principal, change the amount or dates of payment of instalments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holder of each Trust Certificate so affected, (b) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust, otherwise than as expressly permitted by the present terms of this Agreement, without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, or (c) reduce the percentage of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver.

The Trustee may consent to any amendment or waiver in respect of the Lease, without the approval of the holders of the Trust Certificates, if such amendment or waiver does not adversely affect the interests of the holders of the Trust Certificates. Any other amendment or waiver in respect of the Lease may be consented to by the Trustee with the written approval of the holders of not less than 66-2/3% of the aggregate principal amount of the Trust Certificates outstanding; provided, however, that, if such amendment or waiver would reduce the amount of or extend the time for payment of any rentals or other obligations under the Lease in a manner so as to affect the due and punctual payment of the principal of and interest on the Trust Certificates and the other obligations of the Owner-Trustee hereunder, the Trustee shall not consent thereto without the prior written approval of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding (it being understood, however, that the Trustee may, without the consent of the holders of the Trust Certificates, consent to a supplement to the Lease approved by counsel to the original Purchasers of the Trust Certificates, providing for the adjustments contemplated by §§ 2 and 6 of the Lease). The holders shall receive 30 days' prior written notice of any amendment pursuant to this Section 10.05.

SECTION 10.06. Satisfaction of Obligations. The obligations of the Owner-Trustee under Sections 5.06, 5.09, 6.06, 7.01 and 7.02 hereof, the first and fourth paragraphs and the first sentence of the second paragraph of Section 5.07 hereof and the third paragraph of Section 9.05 hereof,

but excluding any provisions requiring the execution of any instrument by the Owner-Trustee, shall be deemed in all respects satisfied by the execution and delivery of the Lease; the Trustee agrees to look solely to the Lessee for the performance of such obligations under such Sections regardless of whether the Lease provides for the discharge of such obligations or is in effect and the Owner-Trustee shall not have any responsibility for the Lessee's failure to perform such obligations; provided, however, that such covenants and obligations shall be deemed covenants of the Owner-Trustee within the meaning of subparagraphs (a), (b) and (c) of the first paragraph of Section 6.01 hereof (it being the intention of the parties hereto that neither the Owner-Trustee nor any of its properties shall be subject to any liability for any breach or alleged breach by it of any such covenant or obligation except out of the "income and proceeds from the Trust Equipment", but that any such breach may be made the basis of an Event of Default under said Section 6.01). No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Trustee.

SECTION 10.07. Effect of Headings; Counterparts; Date Executed; Governing Law. (a) The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

(b) This Agreement may be 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.

(c) This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

(d) The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of New York.

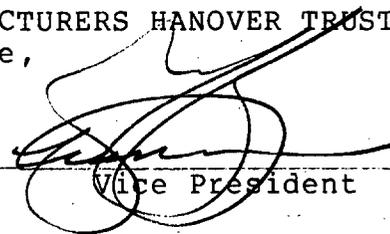
(e) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions herof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforce-

able such provision in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

MANUFACTURERS HANOVER TRUST COMPANY,
Trustee,

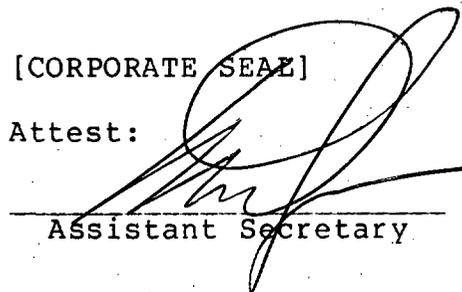
by



Vice President

[CORPORATE SEAL]

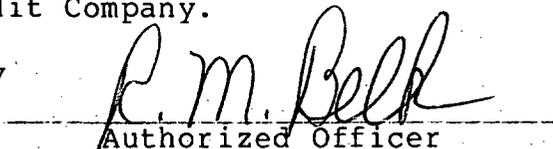
Attest:



Assistant Secretary

TRUST COMPANY BANK, as trustee
under a Trust Agreement dated as
of the date hereof with Ford Motor
Credit Company.

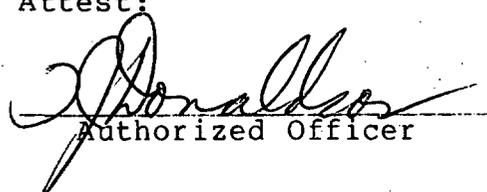
by



Authorized Officer

[CORPORATE SEAL]

Attest:

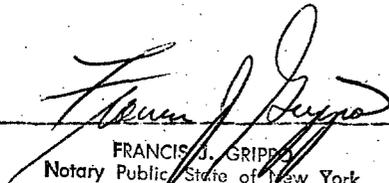


Authorized Officer

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 17 day of March, 1975, before me personally appeared T. C. CRANE, to me personally known, who, being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]


FRANCIS J. GRIPPA
Notary Public, State of New York
No. 43-4522535
Qualified in Richmond County
Certificate filed in New York County
Commission Expires March 30, 1976

STATE OF GEORGIA,)
) ss.:
COUNTY OF FULTON,)

On this 2th day of March, 1975, before me personally appeared R. M. Belk, to me being personally known, who, being by me duly sworn, says that he is an Authorized Officer of TRUST COMPANY BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

Barbara Smith

Notary Public

Notary Public, Georgia, State at Large
My Commission Expires Feb. 2, 1978

[NOTARIAL SEAL]

SCHEDULE A

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
89 ft. 4 in. 70-ton capacity hydraulic draft gear standard level all purpose flat car	FC	175	973626-973800
89 ft. 4 in. 70-ton capacity hydraulic draft gear low level flat car	FC	4	850495-850498
89 ft. 4 in. 70-ton capacity standard draft gear standard level flat car equipped with hitches	FC	104	255684-255787

		TOTAL	283

EXHIBIT A
TO EQUIPMENT
TRUST AGREEMENT

LEASE OF EQUIPMENT

Between

TRUST COMPANY BANK,

as Trustee under a Trust Agreement
dated as of the date hereof
with FORD MOTOR CREDIT COMPANY

and

TRAILER TRAIN COMPANY

Dated as of January 1, 1975

LEASE OF EQUIPMENT dated as of January 1, 1975 (hereinafter called this Lease), between TRUST COMPANY BANK, acting as trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with Ford Motor Credit Company, a Delaware corporation (said bank, so acting being hereinafter called the Lessor, and said corporation being hereinafter called the Beneficiary), and TRAILER TRAIN COMPANY (hereinafter called the Lessee).

WHEREAS the Lessee has entered or will enter into a manufacturing agreement (hereinafter, as amended to the date hereof, called the Manufacturing Agreement) with Pullman Incorporated (Pullman-Standard division) (such party being hereinafter called the Manufacturer), pursuant to which the Lessee has agreed to purchase and take delivery of certain units of railroad equipment;

WHEREAS, under an assignment and reassignment of said Manufacturing Agreement, the Lessee is assigning to the Lessor its rights under the Manufacturing Agreement to purchase and take delivery of those units of railroad equipment described in Schedule A hereto (such units of railroad equipment being hereinafter sometimes collectively called the Equipment or the Units and each such unit of Equipment being hereinafter called a Unit);

WHEREAS the Lessee agrees to lease from the Lessor all the Units, or such lesser number of Units, having an aggregate Purchase Price (as hereinafter defined) not exceeding \$9,230,000, as are delivered and accepted under the Manufacturing Agreements on or after the date this Lease is filed and recorded pursuant to § 15 hereof and on or prior to March 31, 1975, at the rentals and for the term and upon the conditions hereinafter provided; and

WHEREAS the Lessor will enter into an equipment trust agreement (hereinafter called the Equipment Trust Agreement) with Manufacturers Hanover Trust Company (hereinafter called the Trustee) pursuant to which equipment trust certificates (hereinafter called the Trust Certificates) will be sold to finance 64.25% of the purchase price of the Equipment, the Lessor will be obligated to make payments of principal and interest thereon out of the rentals

received hereunder and a security interest in the Units and this Lease will be conveyed to the Trustee;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject and subordinate to all the rights and remedies of the Trustee under the Equipment Trust Agreement.

§ 1. Delivery and Acceptance of Units. The Lessor will cause each Unit accepted pursuant to the Manufacturing Agreement within the time period set forth for delivery and acceptance in the preambles hereto to be delivered to the Lessee at the same point or points within the United States of America at which such Unit is delivered to the Lessor under the Manufacturing Agreement. Upon such delivery, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit and to execute and deliver to the Lessor a certificate of acceptance therefor in the form of Annex D to the Manufacturing Agreement, whereupon such Unit shall be deemed to have been delivered to and accepted by the Lessee under this Lease and shall be subject thereafter to all the terms and conditions of this Lease.

§ 2. Rentals. The Lessee agrees to pay to the Lessor, as rental for each Unit subject to this Lease 36 consecutive semiannual payments in arrears, payable on April 1 and October 1 in each year commencing October 1, 1975 (each such date being hereinafter called a "rental payment date"). Each rental payment shall be in an amount equal to 4.8087% of the Purchase Price (as defined in the applicable Manufacturing Agreement) of each Unit then subject to this Lease, subject to adjustment pursuant to the Participation Agreement (as defined in § 18), provided, however, that such rentals will at all times be sufficient to pay the interest on and the principal of the Trust Certificates (as defined in the Equipment Trust Agreement).

If any of the rental payment dates referred to above is not a business day the semiannual rental payment otherwise payable on such date shall be payable on the next succeeding business day, and no interest shall accrue for the period from and after the nominal date for payment thereof to such next succeeding business day. The

term "business days" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in Atlanta, Georgia, Chicago, Illinois, Detroit, Michigan or New York, New York, are authorized or obligated to remain closed.

The Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, which rental payment and amount shall be paid to the Lessor at such place as the Lessor shall specify in writing) at the principal corporate trust office of the Trustee, for the account of the Lessor, in care of the Trustee, with instructions to the Trustee first to apply such payments to satisfy the obligations of the Lessor under the Equipment Trust Agreement known to the Trustee to be due and payable (subject to the limitations of the last paragraph of Section 5.04 of the Equipment Trust Agreement) on the date such payments are due and payable hereunder and second, so long as no Event of Default under the Equipment Trust Agreement shall have occurred and be continuing, to pay any balance promptly to the Lessor or to the order of the Lessor in immediately available funds at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in immediately available funds in the city where such payment is to be made.

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 by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Trustee or any holder of Trust Certificates; 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 whatsoever 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 person or entity, the invalidity or unenforceability or lack of due authorization of this Lease or lack of right, power or authority of the Lessor to enter into this Lease or the Equipment Trust Agree-

ment, 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. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the Lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the acceptance thereof by the Lessee pursuant to § 1 hereof and, subject to the provisions of §§ 6, 9 and 12 hereof, shall terminate on the date on which the final semiannual payment of rent in respect thereof is due hereunder. The obligations of the Lessee hereunder arising during the term of this Lease (including, but not limited to, the obligations under §§ 5, 6, 8 and 12 hereof) shall survive the expiration of the term of this Lease.

§ 4. Identification Marks. The Lessee will, at its own expense, cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain plainly, distinctly, permanently and conspicuously marked on each side of such Unit, in letters not less than one inch in height, the following words: "OWNED BY A BANK OR TRUST COMPANY UNDER A SECURITY AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c" with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the title of the Lessor and the security interest of the Trustee in such Unit and the rights of the Lessor under this Lease and the Equipment Trust Agreement and of the Trustee under the Equipment Trust Agreement.

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 to be changed the identifying number of any Unit unless and until (i) a statement of new numbers to be substituted therefor shall have been filed with the Trustee and the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease and the Equipment Trust Agreement shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Trustee and the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited and that such filing, recordation and deposit is sufficient to protect the title and interest of the Trustee and the Lessor in the Units covered by such statement.

Each Unit may be lettered "Trailer Train Company", "T.T.X.", or in some other appropriate manner for convenience of identification of the interests of the Lessor and the Lessee therein. Except as above provided, the Lessee will not allow the name of any person or entity to be placed on any of the Equipment as a designation which might be interpreted as a claim of ownership.

§ 5. Taxes. The rentals and other amounts otherwise required to be borne by the Lessee under this Lease are exclusive of, and the Lessee agrees to pay, all taxes, expenses, assessments, fees, charges, fines or penalties (hereinafter called "impositions") levied or imposed upon the Lessor, the Beneficiary, the Manufacturer or the Lessee by any governmental unit (domestic or foreign), or any agency or instrumentality thereof [other than (i) impositions on or measured by the net income of the Lessor, the Beneficiary or the Manufacturer or general corporation franchise (or like) taxes measured by the Lessor's, the Beneficiary's or the Manufacturer's capital, capital stock or net worth and (ii) impositions as a result of a voluntary transfer (including pursuant to § 12 of this Lease) or other voluntary disposition (whether prior to, during, or subsequent to, the term of of this Lease other than pursuant to the Lease Assignment, as defined in the Equipment Trust Agreement) by the Lessor or the Beneficiary or any transfer or disposition by the Lessor or the Beneficiary resulting from bankruptcy or other proceedings for the relief of debtors in which the Beneficiary is the debtor, whether voluntary or involuntary, in each case, of any interest in a Unit, the residual value thereof, or the rentals therefrom, unless in each case, an Event of Default, as defined

in § 9 hereof, shall have occurred]:

(a) with respect to this Lease;

(b) upon the Units or any interest of the Lessor or the Lessee therein;

(c) upon or on account of the sale, purchase, rental, ownership, possession, use, operation, maintenance, shipment, delivery or return of the Units or transfer of title under the terms of this Lease or the Equipment Trust Agreement; or

(d) on account of or measured by the earnings or gross receipts arising from the Units, or the value added thereto.

The Lessee shall bear the burden and make timely remittances to appropriate governmental units of all such impositions and make timely filings, with each appropriate governmental unit, of all returns, statements and reports legally required with respect thereto.

In the event that the Lessor shall become obligated to make any payment to the Manufacturer or the Trustee or otherwise pursuant to any correlative provision of the Equipment Trust Agreement, or the Beneficiary shall become obligated to make payment to the Lessor pursuant to any correlative provision of the Trust Agreement, not covered by the foregoing paragraph of this § 5, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor or the Beneficiary as will enable the Lessor or the Beneficiary to fulfill completely its obligations pursuant to said provision. The Lessor agrees not to enter into any amendment of the Equipment Trust Agreement which would adversely affect the interest of the Lessee hereunder without the written consent of the Lessee.

The Lessee at all times shall keep all and every part of each Unit free and clear of all impositions which might in any way affect the title of the Lessor or the interests of the Beneficiary or the Trustee or result in a lien upon any such Unit; provided, however, that the Lessee shall not be required to remit to any governmental unit any imposition, unless remittance may not legally be withheld, or the nonpayment thereof, in the opinion of the Lessor and the Trustee, adversely affects the title of the Lessor or the interests of the Beneficiary or the Trustee therein, if and so long as the Lessee shall in good faith, with due diligence,

and by appropriate judicial or administrative proceedings, contest the validity, applicability, or amount thereof. If any imposition shall have been charged or levied against the Lessor or the Trustee directly or against the Lessee and paid by the Lessor or the Trustee, the Lessee shall promptly reimburse the Lessor or the Trustee, as the case may be, upon demand. The Lessor agrees that if, in the opinion of independent tax counsel selected by the Lessor and acceptable to the Lessee (and whose fees and expenses shall be paid by the Lessee), a bona fide claim exists to all or a portion of any imposition in respect of which the Lessee has made payment to the Lessor as aforesaid, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by said independent counsel in order to sustain such claim. The Lessor shall not be obligated to take any such legal or other appropriate action unless (i) the Lessee shall be unable to bring or maintain such action in its own name under the appropriate law and (ii) the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested. The Lessee shall be entitled to the proceeds of the successful prosecution of any such claim.

The Lessee shall furnish promptly upon request such data as the Lessor, the Trustee or the Beneficiary reasonably may require to permit compliance with the requirements of taxing jurisdictions.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this § 5, the Lessor hereby authorizes the Lessee to act in its name and on its behalf and will so notify the Lessor as soon as practicable if the Lessee intends to act in the name of the Lessor; provided, however, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith, as a result of, or incident to, any action by the Lessee pursuant to this authorization.

In the event that during the continuance of this Lease, the Lessee becomes liable for any remittance or reimbursement pursuant to this § 5, such liability shall continue notwithstanding the expiration of this Lease, until such imposition is remitted or the Lessor is reimbursed therefor.

§ 6. Payment for Casualty Occurrences; Insurance.
In the event that any Unit shall be or become worn out,

lost, stolen, destroyed, or, in the opinion of the Lessor, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government, or returned to the Manufacturer thereof against refund of the Purchase Price thereof in event of a claim pursuant to said Manufacturer's warranty (such occurrences being herein called Casualty Occurrences) during the term of this Lease, or prior to the return of such Unit in the manner provided in § 12 hereof, the Lessee shall, promptly after it shall have determined that such Unit has suffered a Casualty Occurrence, deliver to the Lessor and the Trustee a certificate of an officer of the Lessee (hereinafter called an Officer's Certificate) fully informing them with respect thereto and complying with the provisions of the Equipment Trust Agreement pertaining to the notification of the Trustee of such Casualty Occurrences. On the rental payment date next succeeding the delivery of such Officer's Certificate (or, in the event such rental payment date will occur within 60 days after delivery of such Officer's Certificate, on the following rental payment date, or, in the event the term of this Lease will expire within 60 days after delivery of such Officer's Certificate, on a date within 60 days of such delivery), the Lessee shall pay to the Lessor an amount equal to the excess of (a) the Casualty Value of such Unit as of the rental payment date which first follows the actual date of the Casualty Occurrence (regardless of the date on which the determination that such Unit suffered the Casualty Occurrence is made) (such rental payment being hereinafter called the Calculation Date) plus interest on such Casualty Value at the rate of 13-1/2% per annum, compounded semiannually, from the Calculation Date to the date payment pursuant to this § 6 is made, over (b) the sum of all rental payments made with respect to such Unit for periods subsequent to the Calculation Date plus interest on each such rental payment at the rate of 13-1/2% per annum, compounded semiannually, from the respective dates on which such rental payments are made to the date payment pursuant to this § 6 is made. 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 loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit, or any component thereof, suffering a

Casualty Occurrence, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the following schedule opposite such rental payment date:

<u>Rental Payment Date</u>	<u>Percentage</u>
1	107.4831
2	107.9582
3	108.1517
4	108.1372
5	107.9102
6	107.4962
7	102.2199
8	101.4341
9	100.4694
10	99.3410
11	93.3856
12	91.9473
13	90.3591
14	88.5832
15	81.9634
16	79.8330
17	77.5400
18	75.0802
19	72.4738
20	69.7145
21	66.8698
22	63.9658
23	60.9994
24	57.9673
25	54.8650
26	51.6918
27	48.4411
28	45.1097
29	41.6934
30	38.1879
31	34.5883
32	30.8899
33	27.0874
34	23.1754
35	19.1481
36	15.0000

[The Casualty Values hereinbefore set forth are subject to adjustment pursuant to the Participation Agreement (as defined in § 18) provided, however, that such Casualty Values will at all times be in an amount not less than the Fair Value (as defined in the Equipment Trust Agreement) required to be paid to the Trustee in respect of any Unit suffering a Casualty Occurrence pursuant to Section 5.07 thereof.]

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 12 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 15% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessee shall be entitled to recover possession of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 10 or 12 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 10 or 12, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 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 from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor at its own expense, cause to be carried and maintained public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it and the benefits thereof shall be payable to the Trustee, the Lessor and the Lessee, as their interests may appear, so long as the Trust Certificates shall not have been paid in full, and thereafter to the Lessor and the Lessee as their interests may appear. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days' prior notice of cancellation or material change in coverage to the Lessor and (ii) name the Lessor as additional named insureds as their respective interests may appear and shall provide that in respect of the interests of the Lessor in such policies, the insurance shall not be invalidated by any action or inaction of the Lessee or any other person (other than the Lessor) and shall insure the Lessor regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Lessee or by any other person (other than the Lessor).

Any insurance proceeds (less expenses of collection) received by the Lessor as the result of insurance carried by the Lessee, condemnation payments received by the Lessor in respect of Units suffering a Casualty Occurrence or refund received by the Lessor of Purchase Price by a Manufacturer shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to this § 6 as long as the amount paid to the Trustee pursuant to the Lease Assignment is at least equal to the Fair Value (as defined in the Equipment Trust Agreement) of the Units suffering a Casualty Occurrence and the Lessor agrees to use such proceeds received by it, if necessary, to pay to the Trustee such Fair Value. If the Lessor shall receive any such insurance proceeds, condemnation payments or refund after the Lessee shall have made payments pursuant to this § 6 without deduction for such insurance proceeds, condemnation payments or refund, the Lessor shall pay such proceeds, condemnation payments or refund to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds, condemnation payments or refund shall remain the property of the Lessor. All insurance proceeds received by the Lessor in respect of any Unit not suffering a Casualty Occurrence shall be paid

to the Lessee upon proof satisfactory to the Lessor that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

§ 7. Reports. On or before April 1 in each year, commencing with the year 1976, the Lessee will furnish to the Lessor and the Trustee, in such number of counterparts or copies as may reasonably be requested, an Officer's Certificate, as of the preceding December 31, (i) showing the amount, description and numbers of all Units then leased hereunder and the amount, description and numbers of all Units that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such Officer's Certificate), or have been withdrawn from use pending repair (other than normal running repair), and such other information regarding the condition and state of repair of the Units as the Lessor or the Trustee may reasonably request and (ii) stating that, in the case of all Units repaired or repainted during the period covered thereby, the markings required by §4 hereof and the Equipment Trust Agreement have been preserved or replaced. The Lessor and the Trustee shall each have the right at its sole cost, risk and expense, by its agents, to inspect the Units and the records of the Lessee with respect thereto at such reasonable times and places as the Lessor or the Trustee may request during the term of this Lease with respect to any Unit and the Lessee agrees to furnish all necessary facilities for the making of such inspection.

The Lessee will furnish the Lessor and the Trustee (i) within 90 days after the close of each fiscal year of the Lessee, a balance sheet of the Lessee as of the close of such fiscal year, together with the related statements of income, surplus and source and application of funds for such fiscal year, all in reasonable detail and certified by a recognized national firm of independent public accountants, including their certificates and accompanying comments, (ii) within 90 days after the close of each fiscal year of the Lessee, a certificate of the Lessee, signed by a principal financial officer or a vice president familiar with this Lease, to the effect that the signer has reviewed the relevant terms of this Lease and has made, or caused to be made under his supervision, a review of the transactions and condition of the Lessee during the preceding fiscal year, and that such review has not disclosed the existence during such period, nor does the signer have knowledge of the existence as at the date of such certificate, of any condition or event which constitutes an Event of Default or which, after notice or

lapse of time or both, would constitute an Event of Default or, if any such condition or event existed or exists, specifying the nature and period of existence thereof and what action the Lessee has taken or is taking or proposes to take with respect thereto and (iii) from time to time such other information as the Lessor may reasonably request. The Lessee will furnish the Lessor from time to time on request such information as the Lessee or the Lessor may be required to furnish to any person pursuant to the Equipment Trust Agreement.

§ 8. Disclaimer of Warranties; Compliance with Laws, Rules and Regulations; Maintenance; Indemnification.
THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO ITS TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor 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, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Manufacturer of the Units or of any manufacturer of the components thereof. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability (including, without limitation, strict or absolute liability in tort or by statute imposed), 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 circumstances 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 anticipated 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, the Lessor and the Trustee that all Units described in any certificate of acceptance confirming such acceptance 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

Trustee based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Trustee, 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 and regulations of the Interstate Commerce Commission, if applicable, the Federal Railroad Administrator and any other legislative, executive, administrative or judicial body or officer exercising any power or jurisdiction over any such Unit, to the extent that such laws, rules and regulations affect the operations or use of such Unit; and the Lessee shall and does hereby indemnify the Lessor and the Trustee and agrees to hold the Lessor and the Trustee 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, the Lessee's employees or any other person. In the event that such laws, rules or regulations require the alteration of any Unit 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 in such Unit in order to comply with such laws, rules and regulations, the Lessee agrees to make such alterations, changes, additions and replacements at its own expense and to use, maintain and operate such Unit in full compliance with such laws 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 or the Trustee, adversely affect the property or rights of the Lessor, the Trustee or the holders of Trust Certificates hereunder or under the Equipment Trust Agreement.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an accession thereto as hereinbelow provided) which is subject to this Lease in good operating order and proper repair.

Any and all additions to any Unit and any and all parts installed on or replacements made to any Unit (other than any special devices, racks or assemblies at any time attached or affixed to any such Unit, the cost or purchase price of which is not included in the Purchase Price of such Unit and the title to which is in a person or entity other than the Lessor, the Lessee or the Trustee) shall be consid-

ered accessions to such Unit and, without cost or expense to the Lessor or the Trustee, there shall immediately be vested in the Lessor and the Trustee the same interests in such accessions as the interests of the Lessor and the Trustee in such Unit. The Lessee may make alterations or modifications to any Unit so long as they do not materially and adversely affect the value of such Unit. The Lessee shall not permit any special device, rack or assembly to be attached or affixed to any Unit which may not be removed within a reasonable period of time from such Unit and without materially impairing such Unit or the value thereof unless such special device, rack or assembly is to be considered an accession to such Unit.

The Lessee agrees to indemnify and save harmless the Lessor, the Beneficiary, the Trustee and the holders of the Trust Certificates from and against any charge or claim made against the Lessor, the Beneficiary or the Trustee and against any expense, loss or liability (including but not limited to strict or absolute liability imposed by statute, regulation or rule of law, counsel fees and expenses, patent liabilities, penalties and interest) which the Lessor, the Beneficiary, the Trustee or any holder of the Trust Certificates may incur in any manner arising out or by reason of the issuance of the Trust Certificates or arising out or by reason of entering into or performing or the occurrence of any Event of Default under the Equipment Trust Agreement, this Lease, any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby or the ownership of, or which may arise in any manner out of or as the result of the ordering, acquisition, purchase, leasing, use, operation, condition, delivery, rejection, storage or return of any Unit (other than (i) losses for which the Lessee has indemnified the Lessor and/or the Beneficiary pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof] or (ii) tax benefits or for impositions for which no indemnities have been provided for pursuant to § 5 hereof and Paragraph 6 of the Participation Agreement [as defined in § 18 hereof]) and to indemnify and save harmless the Lessor, the Beneficiary and the Trustee against any charge, claim, expense, loss or liability (including but not limited to strict or absolute liability imposed by statute or rule of law, counsel fees and expenses, penalties and interest) on account of any accident in connection with the operation, use, condition, possession, storage or return of any Unit resulting in damage to property, or injury to or death of any person. The indemnities contained in this paragraph arising from events occurring during the term of this Lease or any renewal thereof

shall survive payment of all other obligations under this Lease and the expiration or termination of this Lease.

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) any and all reports required to be filed by the Lessor, or requested by the Lessor to be filed, with any federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security title of the Trustee to 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 (herein sometimes called Events of Default) shall occur and be continuing:

A. default shall be made in the payment of any amount provided for in §§ 2, 6 or 12 hereof and such default shall continue for seven days; or

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, 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 or agreements on the part of the Lessee contained herein or in the Consent (as defined in the Equipment Trust Agreement), or default shall be made in the payment of any amount provided for in Paragraph 6.6 of the Participation Agreement (as defined in § 18 hereof), and such default shall continue for 20 days after written notice from the Lessor or the Trustee to the Lessee specifying the default and demanding that the same be remedied; or

D. any proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions and, 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 ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Equipment Trust Agreement and under the Consent (as defined in the Equipment Trust

Agreement) shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) 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 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an Event of Default under the Equipment Trust Agreement shall have occurred arising out of (i) any default by the Lessee in performing any of its obligations hereunder or (ii) any breach by the Lessee of any representation made by it in the Purchase Agreement (as defined in the Equipment Trust Agreement) or pursuant thereto;

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

(a) 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 including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein 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 a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such num-

ber of days in such period to the date of termination and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, a sum, with respect to each Unit, which represents the excess of (x) the present value, at the time of such termination, of the entire unpaid balance of all rental 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 (y) the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and (ii) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental; or

(c) notwithstanding any termination pursuant to paragraph (b) above, sell the Units or any part thereof at public or private sale, as the Lessor may determine, free and clear of any rights of the Lessee or its successors or assigns and without any duty to account to the Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (d) below if the Lessor elects to exercise its rights under said paragraph), in which event the Lessee's obligation to pay rental hereunder accruing after the date of such sale shall terminate (except to the extent that rental is to be included in computations under paragraph (d) or (e) below if the Lessor elects to exercise its rights under either of said paragraphs); or

(d) if the Lessor shall have sold the Units pursuant to paragraph (c) above, the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which such sale occurs, plus an amount equal

to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the proceeds from such sale; or

(e) if, within 60 days following the date of termination of this Lease pursuant to paragraph (b) above and notwithstanding such termination, and after the exercise by the Lessor during such period of its best efforts to sell the Units, the Lessor is unable to sell the Units, then the Lessor, in lieu of exercising its rights under paragraph (b) above with respect to such Units, may, if it shall so elect, demand that the Lessee pay to the Lessor and the Lessee shall pay to the Lessor, as liquidated damages for loss of a bargain and not as a penalty, any unpaid rental for such Units for periods up to and including the end of the semiannual lease period next preceding the lease period in which the close of such 60-day period occurs, plus an amount equal to the excess of (x) the sum of (A) the Casualty Value of such Units as of the last rental payment date for which rental was actually paid, plus (B) interest on such Casualty Value computed at the rate of 15% per annum for the period from such rental payment date to the date of payment of liquidated damages under this paragraph over (y) the fair market value of the Units.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited 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 such 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 the occurrence of any of the con-

tingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

§ 10. Return of Units upon Default. If this Lease shall terminate pursuant to § 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit returned to the Lessor pursuant to this § 10 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable. 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 and in the usual manner and at usual speed, cause such Units to be transported to such point or points as shall reasonably be designated by the Lessor, and

(b) arrange for the Lessor to store such Units on any lines of railroad or premises approved by the Lessor until such Units have been sold, leased or otherwise disposed of by the Lessor.

The assembling, delivery, storage, insurance 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 decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. During any storage period, the Lessee will, at its own cost and expense, maintain and keep the units of Equipment in good order and repair and 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. In the event that the Units or any thereof are sold pursuant to the

exercise of the Trustee's remedies under the Equipment Trust Agreement, the Lessee shall pay to the Lessor the per diem interchange for such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 10, the Lessee hereby irrevocably appoints the Lessor as the agent and the attorney in fact 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. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. All the rights of the Lessor hereunder (including but not limited to the rights under §§ 5, 8 and 9 hereof) shall inure to the benefit of the Lessor's assigns as if named herein as Lessor. Whenever the term Lessor is used in this Lease it shall apply and refer to the Lessor and, where the context so requires, the Beneficiary and each assignee of the Lessor.

So long as no Event of Default exists hereunder and the Lessee shall have fully complied with the provisions of the fourth paragraph of this § 11 and Paragraph 6.3 of the Participation Agreement, the Lessee shall be entitled to the possession of the Units and also to sublease the Units to, or to permit their use under the terms of car contracts by, a railroad company incorporated in the United States of America (or any State thereof or the District of Columbia or Canada), upon lines of railroad owned or operated by such corporation or over which such corporation has trackage rights or rights for operation of their trains, and upon connecting and other carriers in the usual interchange of traffic in the continental United States, Canada and Mexico, but only upon and subject to all the terms and conditions of this Lease; provided, however, that if the Lessee subleases or permits the use of any Unit in Canada (or any Province or Territory thereof) or in Mexico (or any State or the Federal District thereof), the

Lessee shall, except as otherwise provided in §15 hereof, first have (a) taken all necessary action to protect the right, title and interest of the Lessor and the Trustee in the Units to be so subleased or used and (b) furnished the Lessor and the Trustee with an opinion of Canadian or Mexican counsel, as the case may be, satisfactory to the Lessor and the Trustee to the effect that such action is all that is necessary to protect the right, title and interest of the Lessor and the Trustee in such Units; and provided further, that any such sublease or use shall be consistent with the provisions of the Participation Agreement and the Lessee shall nevertheless remain liable under this Lease.

Any such sublease may provide that the sublessee, so long as it shall not be in default under such sublease, shall be entitled to the possession of the Units included in such sublease and the use thereof; provided, however, that every such sublease shall be subject to the rights and remedies of the Trustee under the Equipment Trust Agreement and the Lessor under this Lease in respect of the Units covered by such sublease.

The Lessee, at its own expense, will as soon as possible cause to be duly discharged any lien, charge, security interest or other encumbrance (except any sublease as aforesaid and other than an encumbrance resulting from claims against the Lessor or the Trustee not related to the ownership or leasing of, or the security title of the Trustee to, the Units) which may at any time be imposed on or with respect to any Unit including any accession thereto or the interest of the Lessor, the Trustee 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 this § 11.

§ 12. Renewal Option; Purchase Option; Return of Units upon Termination of Term. Provided that this Lease has not been earlier terminated, no Event of Default exists hereunder and the Lessee is not otherwise in default hereunder, the Lessee may, by written notice delivered to the Lessor not less than six months prior to the end of (i) the original term of this Lease in respect of subclause (a) hereof or (ii) the extended term hereof in respect of subclause (b) hereof, as the case may be, and not less than six months prior to the end of the original term of this Lease or the extended term

hereof, as the case may be, in respect of subclause (c) hereof, elect (a) to extend the term of this Lease in respect of all, but not fewer than all, the Units then covered by this Lease, for a two-year period commencing on the scheduled expiration of the original term of this Lease, at a rental payable in four semiannual payments, in arrears, payable on April 1 and October 1 in each year of the extended term, each in an amount equal to 50% of the rental payment set forth in the first paragraph of § 2 hereof, (b) if the Lessee extends the Lease pursuant to clause (a) hereof, to extend the term of this Lease in respect of all, but not fewer than all, of such Units then covered by this Lease for one additional five-year period, commencing on the scheduled expiration of such extended term, at a rental equal to the "Fair Rental Value" of such Units, payable in arrears in 10 semiannual payments on April 1 and October 1 of each year of such extended term and/or (c) to purchase all, but not less than all, the Units covered by this Lease at the end of such original term or any extended term of this Lease for a purchase price equal to the "Fair Market Value" of such Units as of the end of such original term or such extended term of this Lease.

Fair Rental 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 lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

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.

If on or before five months prior to the expiration of the term of this Lease or any extended term hereof, as the case may be, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Value or Fair Rental Value, as the case may be, of the Units, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall

mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement prior to the 90th day next preceding the expiration of the original term or extended term of this Lease, as the case may be, a panel of three independent appraisers, one of whom shall be selected by the Lessor, the second by the Lessee and the third by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. Within 30 days thereafter the Lessee shall give to Lessor a binding notice of whether or not it elects to purchase or lease, as the case may be, the Units at the appraised value. The expenses and fee of the Appraiser shall be borne by the Lessee. With respect to the exercise of the option to purchase, upon payments of the purchase price, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor and the Trustee derived from the Manufacturer free and clear of all liens, security interests and other encumbrances arising through the Lessor or the Trustee (without any other recourse, representations or warranties).

As soon as practicable on or after the termination of the original or any extended term of this Lease, and in any event not later than 90 days thereafter, the Lessee will, at its own cost and expense, at the request of the Lessor, cause each Unit to be transported to such point or points as shall be reasonably designated by the Lessor immediately prior to such termination and arrange for the Lessor to store such Unit on any lines of railroad or premises approved by the Lessor for a period not exceeding three months from the date such Unit is first placed in storage pursuant to this § 12; the assembly, delivery, storage and transporting of such Unit 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 or lessee of such Unit, to inspect the same. The assembly, 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 decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this § 12 shall (i) be in the same

operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any special device, rack or assembly considered an accession thereto as provided in § 8 hereof and have removed therefrom any special device, rack or assembly not so considered an accession thereto and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable.

§ 13. Provisions Concerning Subordinated Notes; Merger or Consolidation. It is the intention of the parties hereto that the obligations of the Lessee under this Lease shall be superior in right of payment to all the Lessee's Thirty Year Subordinated Notes sold pursuant to a Note Purchase Agreement dated as of January 1, 1967, between the Lessee and certain of its stockholders. The Lessee covenants and agrees that if an Event of Default exists hereunder or an Event of Default (as defined in the Equipment Trust Agreement) exists under the Equipment Trust Agreement or any event which, with the giving of notice or the lapse of time, or both, would constitute an Event of Default hereunder or under the Equipment Trust Agreement, shall have occurred and be continuing, the Lessee will not voluntarily prepay or retire any of such Notes.

The Lessee agrees not to merge or consolidate with any other corporation unless the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or a State thereof or the District of Columbia and such survivor (if not the Lessee) shall assume, by an instrument in form and substance satisfactory to the Lessor and the Trustee, all the obligations and liabilities of the Lessee hereunder and under the Lessee's Consent and Agreement to the assignment hereof to the Trustee.

§ 14. Increase of User Rates. The Lessee covenants and agrees (i) that, if an Event of Default exists under clause A of § 9 hereof by reason of the failure of the Lessee to pay to the Trustee within the grace period provided in clause A of § 9 hereof all or any part of the rentals due and payable under § 2 hereof, the Lessee will, upon written notice by the Lessor so to do, within ten days after receipt of such notice, deliver to all parties to its Form A and Form B car contracts (or such other Forms as may hereafter be used in substitution or in replacement of such Form A and Form B car contracts) due and proper notice of increases in the car

user charges under such contracts, (ii) that all car contracts covering any unit or units of railroad equipment of which the Lessee is the owner or the lessee will contain provisions permitting the Lessee to require such increases and (iii) that, except in connection with an assignment or transfer in accordance with the provisions of the Equipment Trust Agreement, the Lessee will not assign or transfer its rights and obligations to require such increases under any such car contracts. Such increases shall commence to accrue and shall be effective on the first day of the first calendar month beginning subsequent to ten days after delivery of such notice by the Lessee to the parties to such car contracts. Such increases shall be in such amounts or percentages as will cause to accrue and be payable to the account of the Lessee in respect of the first calendar month during which they are in effect such additional sums of money as will be needed by the Lessee to enable it to pay as rental hereunder an amount equal to such rental due and payable under § 2 hereof (with interest on overdue Rental at the Overdue Rate [as defined in § 16 hereof], from the date such rental is due until the date it is paid, to the extent that it shall be legally enforceable) and to cure any defaults in payment of any principal or interest (or rentals intended to provide for payment thereof) payable under comparable provisions of any other equipment trust, conditional sale or other equipment agreement or lease of the Lessee not guaranteed jointly and severally by its shareholders or a group of its shareholders (except defaults arising by reason of acceleration of the date of payment of instalments of principal, dividends or interest, or rentals intended to provide for payment thereof), whether heretofore or hereafter entered into, based upon the most recent records or information available to the Lessee relating to the use of its cars. If for any reason any such increases so made by the Lessee shall fail to provide in 90 days sufficient cash to enable the Lessee to cure such default or defaults hereunder and under any other such agreements, or if cash is provided but is not for any reason applied to cure such defaults, the Lessee will, upon receipt of written notice from the Lessor so to do, promptly make such further increases in its user charges as may from time to time be necessary to enable the Lessee to cure all such defaults hereunder and under such other agreements.

§ 15. Recording and Expenses. Prior to the delivery and acceptance of any Unit hereunder, the Lessee will, at its own expense, cause this Lease, any supplement relating to such Unit, any assignments hereof and thereof, the Manufacturing Agreement, any supplement thereto relating

to such Unit and the Equipment Trust Agreement to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will undertake the filing and recording required under the Equipment Trust Agreement and 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 reasonably requested by the Lessor or the Trustee (except as otherwise provided in the Equipment Trust Agreement) for the purpose of proper protection, to the satisfaction of the Lessor and the Trustee, of the Lessor's and the Trustee's respective interests in the Units, or for the purpose of carrying out the intention of this Lease and the Equipment Trust Agreement; provided, however, that the Lessee shall not be required to take any such action in respect of any jurisdiction outside the United States if (1) the Lessee deems such action to be unduly burdensome, (2) after giving effect to the failure to take such action, the Lessee has taken all action required by law to protect the title of the Lessor and the Trustee to Units having a Fair Value of not less than 85% of the aggregate Fair Value of all the Units then subject to this Lease (such Fair Value to be determined in the manner provided in the Equipment Trust Agreement), and (3) any Unit at any time located in such jurisdiction shall have been marked with the markings specified in § 4 hereof.

The Lessee will promptly furnish to the Lessor and the Trustee evidence of all such filing, registering, recording, depositing, refiling, reregistering, rerecording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and the Trustee.

§ 16. 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 interest at the rate of 16% per annum, compounded semiannually, on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable (herein called the Overdue Rate).

§ 17. 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 United States mails, postage prepaid, addressed as follows:

If to the Lessor, at P. O. Drawer 4625, Atlanta, Georgia 30302, Attention of Corporate Trust Department (with a copy to Ford Motor Credit Company, P. O. Box 1729, Dearborn, Michigan 48121, attention of Vice President, CIR Financing and to Itel Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration Department);

If to the Lessee, at 300 South Wacker Drive, Chicago, Illinois 60606, Attention of Vice President-Finance and Treasurer;

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing. Any certificate, document or report required to be furnished by either party hereto to the other party shall be delivered to the address set forth above or furnished by such party.

§ 18. Severability; Effect and Modification of Lease. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be, as to such jurisdiction, 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, other than the Participation Agreement dated as of the date hereof among the Lessee, the Beneficiary and the Owner-Trustee (herein called the Participation Agreement), the Equipment Trust Agreement, any agreement providing for the original purchase of the Trust Certificates and the Manufacturing Agreement. 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. A copy of the Participation Agreement is attached as Exhibit C to the Equipment Trust Agreement, a copy of which has been filed pursuant to Section 20c of the Interstate Commerce Act.

§ 19. Execution. This Lease may be executed in several counterparts, such counterparts together constitut-

ing but one and the same instrument but the counterpart delivered to the Trustee shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above, 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.

§ 20. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or depositing hereof and of any assignment hereof or out of the marking on the Units as shall be conferred by the laws of the several jurisdictions in which this Lease or any assignment hereof shall be filed, recorded or deposited or in which any Unit may be located.

§ 21. Additional Rentals. In the event that the Lessor shall become obligated to make any payment (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) or to perform any other obligations pursuant to the Equipment Trust Agreement, including, but not limited to, clauses (a) and (b) of the first paragraph of Section 5.04 thereof, not covered by the provisions of this Lease, the Lessee shall pay such additional amounts to the Trustee and perform such obligations so that the Lessor's obligations (other than payments in settlement for Equipment whether by advance rental or otherwise pursuant to the Equipment Trust Agreement) pursuant to the Equipment Trust Agreement shall be fully complied with, without regard for any limitation of liability of the Lessor contained in the Equipment Trust Agreement.

§ 22. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Lessor or the Lessee, or against the Beneficiary or any other beneficiary of a trust for which the Lessor is 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 incorporators, stockholders, directors, officers, as such,

or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

§ 23. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 5, 6, 8 and 9 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and any of the Beneficiary's assigns under the Trust Agreement.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be duly executed as of the date first above written.

TRUST COMPANY BANK, as Trustee,

by

Authorized Officer

[CORPORATE SEAL]

Attest:

Authorized Officer

TRAILER TRAIN COMPANY,

by

Vice President-Finance
and Treasurer

[CORPORATE SEAL]

Attest:

Assistant Secretary

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1975, before me personally appeared N. V. REICHERT, to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance and Treasurer of TRAILER TRAIN COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A

<u>Type</u>	<u>AAR Mechanical Designation</u>	<u>Quantity</u>	<u>Lessee's Car Numbers (Inclusive)</u>
89 ft. 4 in. 70-ton capacity hydraulic draft gear standard level all purpose flat car	FC	175	973626-973800
89 ft. 4 in. 70-ton capacity hydraulic draft gear low level flat car	FC	4	850495-850498
89 ft. 4 in. 70-ton capacity standard gear standard level flat car equipped with hitches	FC	104	255684-255787
	Total	283	

EXHIBIT B to
Equipment Trust Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of January 1, 1975 (hereinafter called this Assignment), between TRUST COMPANY BANK, acting as a Trustee (hereinafter called the Lessor), under a Trust Agreement dated as of the date hereof with FORD MOTOR CREDIT COMPANY, a Delaware corporation (hereinafter called the Beneficiary), and MANUFACTURERS HANOVER TRUST COMPANY (hereinafter called the Assignee).

WHEREAS, the Lessor and Trailer Train Company (hereinafter called the Lessee) have entered into a Lease of Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of certain units of railroad equipment; and

WHEREAS, in order to provide security for the obligations of the Lessor under an Equipment Trust Agreement dated as of the date hereof (hereinafter called the Equipment Trust Agreement) between the Assignee and the Lessor, the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Assignee;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. Subject to the provisions of Paragraph 11 hereof, the Lessor hereby assigns, transfers and sets over unto the Assignee, as collateral security for the payment and performance of the obligations of the Lessor under the Equipment Trust Agreement, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), 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 specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Assignee in its own name, or the name of its nominee, or in the

name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Assignee agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease. To the extent received, the Assignee will apply such Payments to satisfy the obligations of the Lessor under the Equipment Trust Agreement, subject to the limitations contained in the last paragraph of Section 5.04 of the Equipment Trust Agreement, and so long as no Event of Default (or event which, with notice or lapse of time, or both, could constitute an Event of Default) under the Equipment Trust Agreement shall have occurred and be continuing, any remaining balances shall be paid to the Beneficiary on the same dates such Payments are applied to satisfy such obligations of the Lessor by bank wire to the Beneficiary at Manufacturers National Bank of Detroit, 151 W. Fort Street, Detroit, Michigan, for credit to Ford Motor Credit Company, C&I Payment Account, account number 100-094350 or at such other address as may be specified by the Beneficiary or the Lessor to the Assignee in writing, and such balances shall be retained by the Beneficiary; provided, however, that any amount which is due and owing to the Lessor pursuant to the second paragraph of § 5 of the Lease and the fifth paragraph of § 8 of the Lease shall be paid directly to the Lessor by the Beneficiary from such remaining balance, to the extent owed therefrom, at P. O. Drawer 4625, Atlanta, Georgia 30302, Attention of Corporate Trust Department. The Assignee will promptly notify the Lessor of the occurrence of an Event of Default (or event which, with notice or lapse of time, or both, could constitute an Event of Default) under the Lease of which it has knowledge; provided, however, that any failure to provide such notice shall not affect the rights and remedies of the Assignee hereunder or under the Equipment Trust Agreement.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Assignee to, or transfer, or pass, or in any way affect or modify, the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against,

and only against, the Lessor or persons other than the Assignee.

3. To protect the security afforded by this Assignment, the Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Assignee, the Lessor will not anticipate the rents or other payments under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Assignee the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Assignee may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor and the performance of all other obligations under the Equipment Trust Agreement, this Assignment and all rights herein assigned to the Assignee shall terminate, and all estate, right, title and interest of the Assignee in and to the Lease shall revert to the Lessor without further act or deed, but the Assignee shall execute and deliver such documents as the Lessor may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion.

6. If an Event of Default under the Equipment Trust Agreement shall occur and be continuing, the Assignee may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the Equipment Trust Agreement.

7. The Lessor will, from time to time, execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Assignee in order to confirm or further assure, the interests of the Assignee hereunder.

8. The Assignee may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, provided, however, that unless an Event of Default under the Equipment Trust Agreement has occurred and is continuing, such an assignment may be made only to a domestic bank, trust company or other lending institution with a combined capital and surplus of not less than \$100,000,000. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Assignee hereunder.

9. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Assignee at its address set forth in the Equipment Trust Agreement, or at such other address as the Assignee shall designate. Any notice required or permitted to be given by the Assignee to the Lessor shall be delivered or made to the Lessor at its address set forth in the Lease, or at such other address as the Lessor shall designate.

11. The Assignee hereby agrees with the Lessor that the Assignee will not, so long as no Event of Default under the Equipment Trust Agreement has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessor to the Assignee by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the Equipment Trust Agreement, the Lessor may, so long as no Event of Default under the Equipment Trust Agreement has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, such rights, powers,

privileges, authorizations or benefits, provided, however, that the Lessor may not take any action in respect of any Event of Default under the Lease without the prior written consent of the Assignee.

12. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obligations on the Lessor in addition to the obligations of the Lessor under the Lease or under the Equipment Trust Agreement or in any way limit the effect of the last paragraph of Section 5.04 of the Equipment Trust Agreement, Section 10.06 of the Equipment Trust Agreement or § 23 of the Lease, (b) so long as there is no event of default under the Equipment Trust Agreement, and to the extent that the Assignee does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the Equipment Trust Agreement, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Equipment Trust Agreement, or empower the Assignee in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts and (c) each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by Trust Company Bank, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement referred to in the recital of parties hereto, and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank, except for wilfull misconduct or gross negligence, or against the Beneficiary under such Trust Agreement or on account of any representation, undertaking or agreement of the Lessor or such Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Assignee and by all persons claiming by, through or under the Assignee; provided, however, that the Assignee or any person claiming by, through or under any

of it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

13. Any provision of this Assignment may be amended, supplemented or waived only by an instrument executed by the party or parties against whom enforcement of such amendment, supplement or waiver is sought.

14. This Assignment may be executed in several counterparts each of which shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

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

TRUST COMPANY BANK,

by

[Corporate Seal]

Authorized Officer

Attest:

Authorized Officer

MANUFACTURERS HANOVER TRUST COMPANY,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

STATE OF GEORGIA,)
) ss.:
COUNTY OF FULTON,)

On this day of , 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of TRUST COMPANY BANK, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and they acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

[Notarial Seal]

My Commission expires

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of , 1975, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of MANUFACTURERS HANOVER TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

[Notarial Seal]

LESSEE'S CONSENT AND AGREEMENT

The undersigned, a corporation duly incorporated under the laws of the State of Delaware, the Lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Assignment), hereby (a) acknowledges receipt of a copy of the Assignment and (b) consents to all the terms and conditions of the Assignment.

As an inducement to the purchasers and subsequent holders of the equipment trust certificates (hereinafter called the Trust Certificates) to be issued pursuant to the Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) (a copy of which Equipment Trust Agreement has been delivered to the undersigned) dated as of January 1, 1975, between Manufacturers Hanover Trust Company, Trustee (hereinafter called the Trustee) and Trust Company Bank (hereinafter called the Lessor) acting as trustee under a Trust Agreement dated as of January 1, 1975, pursuant to which the Lessor is partially financing the purchase of the units of railroad equipment (hereinafter called the Units) being leased by the Lessor to the undersigned pursuant to the Lease, and for other good and valuable consideration, the undersigned:

(1) represents and warrants to the Trustee, for the benefit of the holders of Trust Certificates, that the rentals and other obligations under the Lease have been calculated so as to provide for the due and punctual payment of the principal of, and interest on, the Trust Certificates and the due and punctual performance of all other obligations of the Lessor under the Equipment Trust Agreement (except the obligations of the Lessor under Section 4.03 thereof) without regard for any limitation of liability contained in the last paragraph of Section 5.04 or in Section 10.06 thereof, and that, pursuant to the Assignment, the Trustee will have the indefeasible right to apply such rentals and other payments under the Lease to the payment of the principal of and interest on the Trust Certificates, and the payment of other obligations of the Lessor under the Equipment Trust Agreement;

(2) will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for

in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease in respect of the Units leased thereunder, directly to the Trustee, at 40 Wall Street, New York, New York 10015, attention of Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Trustee); and, if the undersigned fails for any reason whatsoever to pay to the Trustee any Payments, it will pay to the Trustee, on the respective dates and times set forth in the Lease on which the Payments are specified to be due thereunder, sums equivalent to the Payments which the undersigned shall not theretofore have paid to the Trustee; it being hereby agreed that the undersigned's obligation to pay all the aforesaid Payments or sums equivalent to the Payments is absolute and unconditional and the undersigned hereby agrees to indemnify the Trustee against any liens, charges or claims of any nature whatsoever (other than liens, charges or claims created or incurred by the Trustee not arising out of the transactions contemplated by the Equipment Trust Agreement, the Lease or the Assignment) which result from a breach by the undersigned of its obligations under the Lease and which may be prior to or pari passu with the right of the Trustee to apply such Payments or sums equivalent thereto as provided in the Assignment;

(3) agrees that its obligations hereunder shall not be subject to any right of setoff or counterclaim or other defense which the undersigned might have against the Lessor or otherwise under the Lease or otherwise, and shall be performed irrespective of the genuineness, validity, or enforceability of the Lease, the Assignment, the Equipment Trust Agreement or otherwise (including termination of the Lease by operation of law or otherwise or failure of the Lessor to observe or satisfy any term or condition of the Lease) or any interference with the right of the Trustee to apply the rentals and other obligations under the Lease as provided in the Assignment and irrespective of the limitations contained in the last paragraph of Section 5.04 and in Section 10.06 of the Equipment Trust Agreement;

(4) agrees that any rights acquired by the undersigned, by subrogation or otherwise, against the Lessor under the Equipment Trust Agreement or the Lease pursuant to the Assignment or with respect to any of the Units by reason of any payments made by the undersigned pursu-

ant hereto may not be exercised until the Trustee has been paid all sums payable to it under the Equipment Trust Agreement and the holders of the Trust Certificates have been paid the full principal amount of, and all interest on, the Trust Certificates;

(5) agrees that the obligations of the undersigned under this Consent and Agreement shall be superior in right of payment to all the undersigned's Thirty Year Subordinated Notes sold or to be sold pursuant to a Note Purchase Agreement dated as of January 1, 1967, among the undersigned and certain of its stockholders;

(6) agrees that the Trustee shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Trustee were named therein as the Lessor and agrees that the Trustee and the holders of Trust Certificates shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise;

(7) agrees that the Lease shall not, without the prior written consent of the Trustee, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease, the Assignment or this Consent and Agreement or of any of the rights created by any thereof; and

(8) will (i) execute, deliver and/or furnish all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Equipment Trust Agreement and (ii) do all such acts and execute and deliver all such further assurances required to be done and/or executed and delivered by it pursuant to the provisions of any thereof.

This Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement, when accepted by the Trustee by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of New York and, for all purposes, shall be construed in accordance with the laws of said State.

Dated as of January 1, 1975

TRAILER TRAIN COMPANY,

by

Vice President-Finance
and Treasurer

[Corporate Seal]

Attest:

Accepted:

MANUFACTURERS HANOVER TRUST
COMPANY, Trustee,

by

Vice President

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of 1975, before me personally appeared N. V. REICHERT, to me personally known, who, being by me duly sworn, says that he is the Vice President-Finance and Treasurer of TRAILER TRAIN COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Notary Public

My Commission expires

PARTICIPATION AGREEMENT

AMONG

TRAILER TRAIN COMPANY,
FORD MOTOR CREDIT COMPANY

AND

TRUST COMPANY BANK,
as Trustee under a Trust Agreement
dated as of the date hereof
with Ford Motor Credit Company

DATED AS OF JANUARY 1, 1975

PARTICIPATION AGREEMENT dated as of January 1, 1975, between TRAILER TRAIN COMPANY, a Delaware corporation (hereinafter called the Lessee), FORD MOTOR CREDIT COMPANY, a Delaware corporation (hereinafter called the Owner), and TRUST COMPANY BANK, acting as trustee under the Trust Agreement dated as of the date hereof with the Owner (said bank, so acting, being hereinafter called the Owner-Trustee).

WHEREAS the Owner, pursuant to the Trust Agreement, proposes to authorize and direct the Owner-Trustee to purchase certain units of railroad equipment from the Manufacturers (as hereinafter defined);

WHEREAS the Lessee has entered into a manufacturing agreement, dated as of January 1, 1975, in the form attached hereto as Exhibit A, as amended (hereinafter called the Manufacturing Agreement), with Pullman Incorporated (Pullman-Standard division) (hereinafter called the Manufacturer), pursuant to which the Lessee has agreed to purchase and take delivery of said units of railroad equipment;

WHEREAS the Lessee proposes to assign its rights to purchase and take delivery of said units of railroad equipment (said units so assigned being hereinafter called

the Equipment) to the Owner-Trustee pursuant to the Assignment of Manufacturing Agreement, dated as of the date hereof, in the form attached to the Manufacturing Agreement as Annex C and pursuant to a Reassignment of Manufacturing Agreement dated as of the date hereof (said Assignment being hereinafter called the Assignment and said Reassignment being hereinafter called the Reassignment);

WHEREAS the Lessee has arranged for long-term financing of the Equipment by a limited number of institutional investors or other financial institutions pursuant to the Purchase Agreement, dated as of the date hereof (hereinafter called the Purchase Agreement), in the form attached hereto as Exhibit B. As part of such financing arrangements, the Owner-Trustee will enter into the Equipment Trust Agreement, dated as of the date hereof, in the form attached to the Purchase Agreement as Annex II (hereinafter called the Equipment Trust Agreement), with Manufacturers Hanover Trust Company (hereinafter called the Trustee), pursuant to which Equipment Trust Certificates in the forms set forth in the Equipment Trust Agreement (hereinafter called the Equipment Trust Certificates) will be issued in principal amount aggregating 64.25% of the cost of the Equipment, and under which a security interest in the Equipment will be conveyed to the Trustee to secure payment of

principal and interest on the Equipment Trust Certificates;

WHEREAS the Lessee will lease from the Owner-Trustee all the Equipment which is delivered and accepted under the Manufacturing Agreement (not to be less than 250 units of Equipment), pursuant to the Lease of Equipment dated the date hereof in the form attached to the Equipment Trust Agreement as Exhibit A (hereinafter called the Lease);

WHEREAS the Lease will be assigned to the Trustee pursuant to the Assignment of Lease and Agreement dated as of the date hereof between the Owner-Trustee and the Trustee in the form attached to the Equipment Trust Agreement as Exhibit B (hereinafter called the Lease Assignment); and

WHEREAS the Lessee is entering into the Lessee's Consent and Agreement dated the date hereof (hereinafter called the Consent) in the form attached to the Lease Assignment consenting to such Lease Assignment and agreeing to make certain payments;

NOW, THEREFORE, in consideration of the premises and agreements and the covenants hereinafter contained, the parties hereto hereby agree as follows:

1. The Owner will authorize and direct the Owner-Trustee to, and, pursuant to the Trust Agreement, the Owner-Trustee will enter into the Equipment Trust Agreement

and purchase, as hereinafter provided, Equipment having an aggregate Purchase Price (as defined in the Manufacturing Agreement) not exceeding \$9,230,000 and having a date of delivery and acceptance not later than March 31, 1975 (hereinafter called the Final Delivery Date).

In order to facilitate the purchase of Equipment referred to in the foregoing paragraph, the Lessee will assign its right to purchase and take delivery of units of Equipment to the Owner-Trustee pursuant to the Assignment and the Reassignment and neither the Assignment nor the Reassignment shall impose any obligations on the Owner-Trustee in addition to the obligations of the Owner-Trustee under this Agreement or the Equipment Trust Agreement.

Subject to the limitations contained in the first paragraph of this Paragraph 1 and in Paragraph 4, the Owner will authorize and direct the Owner-Trustee to, and the Owner-Trustee, pursuant to the Trust Agreement, will accept the Assignment and the Reassignment and undertake the obligations of the Lessee delegated thereby; provided, however, that in each case the Lessee shall have executed and delivered the Lease or a supplement thereto in respect of the Equipment and provided, further, that before the Closing Date (as defined and determined in the Manufacturing Agreement) for the Equipment, the Lessee shall have arranged for long-term

financing of 64.25% of the Purchase Price of the Equipment as set forth in the recitals hereto.

2. The Lessee represents and warrants to the Owner and the Owner-Trustee as of the date hereof as follows:

(a) The Lessee is a corporation duly incorporated and validly existing in good standing under the laws of the State of Delaware and is duly qualified to do business in such other jurisdictions in which the business and activities of the Lessee require such qualification.

(b) The Lessee has full power, authority and legal right to carry on its business as now conducted and to own its properties, and is duly authorized and empowered to execute, deliver and perform its obligations under this Agreement, the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment and the Reassignment and the Consent.

(c) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee) pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity, or before any commission or other administrative agency, which could materially and adversely affect the business, operations or

condition, financial or otherwise, of the Lessee or the Lessee's ability to perform its obligations under this Agreement, the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment and the Reassignment or the Consent; and the Lessee is not in default with respect to any order or decree of any court or governmental commission, agency or instrumentality of which the Lessee has knowledge.

(d) The Lessee is not a party to any agreement or instrument or subject to any charter or other corporate restriction materially and adversely affecting the business, present or prospective, of the Lessee, the operations, property or assets or condition, financial or otherwise, of the Lessee or the Lessee's ability to perform its obligations under this Agreement, the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment, the Reassignment or the Consent.

(e) Neither the execution and delivery of this Agreement nor the consummation of the transactions herein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof nor compliance with the terms and provisions of the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment, the Reassignment or the Consent will

conflict with, or result in a breach of, any of the terms, conditions or provisions of any law, or any regulation, order, injunction or decree of any court or governmental instrumentality, or of the corporate charter (as amended) or the by-laws (as amended) of the Lessee or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which the Lessee is now a party or by which it may be bound, or constitute (with the giving of notice or the passage of time or both) a default thereunder, or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee pursuant to the terms of any such agreement or instrument.

(f) The Lessee has all patents, patent rights, licenses, trademarks, trademark rights, trade names, trade name rights and copyrights which the Lessee considers necessary to the conduct of its business as presently operated, or proposed to be operated.

(g) No stockholder approval or consent of any trustee or holders of any indebtedness or obligation of the Lessee and no authorization or approval from, or notice to, the Interstate Commerce Commission or any other governmental or public body or authority is

required in connection with the execution, delivery or performance by the Lessee of this Agreement, the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment, the Reassignment or the Consent, or the issuance and sale of the Equipment Trust Certificates.

(h) The Lessee has filed all Federal, state and local tax returns which are required to be filed, and has paid, or made provisions for the payment of, all taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than taxes which are being contested in good faith and with due diligence and which in the aggregate do not involve material amounts.

(i) The balance sheet of the Lessee as of December 31, 1973, and the statement of income for the year then ended, certified by the independent public accountants whose certificates accompanied them, heretofore delivered to the Owner have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, subject to any exceptions stated therein and in the notes thereto, and correctly and fairly present the financial condition of the Lessee as of the date of such balance sheet and the results

of its operations for the period indicated in such statements. No material adverse change has occurred in the condition, financial or otherwise, of the Lessee since December 31, 1973.

(j) Neither this Agreement nor any other document or certificate heretofore furnished the Owner by the Lessee in connection with the representations and warranties contained in this Paragraph 2 contains any untrue statement of a material fact or omits to state a material fact necessary in order to make the statements contained herein or therein not misleading.

(k) The Lessee has not directly or indirectly offered or sold any of the Equipment Trust Certificates or other securities to, solicited offers to buy any of the Equipment Trust Certificates or other securities from, or otherwise approached or negotiated in respect of the purchase or sale or other disposition of any of the Equipment Trust Certificates or other securities with, any person so as to bring the sale of the Equipment Trust Certificates within the provisions of Section 5 of the Securities Act of 1933, as amended. The Lessee will not offer any Equipment Trust Certificates or other securities to, or solicit any offer to buy any thereof from, any other person or approach or negotiate with any

other person in respect thereof, so as to bring the sale of the Equipment Trust Certificates within the provisions of Section 5 of said Securities Act.

(l) This Agreement, the Purchase Agreement, the Lease, the Manufacturing Agreement, the Assignment, the Reassignment and the Consent, assuming due authorization, execution and delivery by the other parties thereto, constitute valid and legally binding obligations of the Lessee, enforceable against the Lessee in accordance with their respective terms.

(m) Neither the Owner nor the Owner-Trustee will on any Closing Date, by virtue of the transactions contemplated by this Agreement, be or become a "carrier", "common carrier" or "railroad" for purposes of the Interstate Commerce Act as presently in effect, nor, except with respect to the Equipment, will either of them be subject to regulation by the Interstate Commerce Commission.

3. The Owner represents and warrants as follows:

(a) The Owner is a corporation duly organized, validly existing and in good standing under the laws of the State of Delaware and has the full power and authority to own its properties and carry on its business as now conducted.

(b) The Owner is duly authorized and empowered to execute and deliver this Agreement and the Trust Agreement and to carry out the terms and provisions hereof and thereof.

(c) The Trust Agreement has been duly authorized, executed and delivered by the Owner.

The Owner's authorization and direction of the Owner-Trustee to purchase and pay for the Equipment on the Closing Date shall be deemed to be an affirmation by the Owner of the representations made by it herein and of its authority to make such representations.

4. The Owner's obligation to authorize and direct the Owner-Trustee, and the Owner-Trustee's obligation to purchase and pay for the Equipment on the Closing Date shall be subject to the performance by the Lessee of all its agreements to be performed hereunder and to the satisfaction, prior to or concurrently with such payment, of the following further conditions (the satisfaction of all of which shall be deemed to be material):

(a)(i) This Agreement, the Purchase Agreement, the Equipment Trust Agreement, the Lease, the Lease Assignment, the Consent, the Manufacturing Agreement, the Assignment and the Reassignment (exclusive of any supple-

ments thereto not theretofore required to be delivered) shall have been duly authorized, executed and delivered by each of the parties thereto; fully executed counterparts of each shall have been delivered to the Owner-Trustee and the Trustee; each of such agreements shall be in full force and effect; and (ii) no event shall have occurred and be continuing which constitutes or with the giving of notice or the passage of time, or both, would constitute an event of default thereunder by any of the parties thereto.

(b) The Owner-Trustee shall have good and marketable title to the Equipment then delivered to it pursuant to the Manufacturing Agreement, subject to no mortgage, lien, encumbrance or charge, pledge, security interest or equipment trust or other title retention agreement, or lease, except the Lease and the Equipment Trust Agreement.

(c) All approvals or permits of all governmental or regulatory bodies, whether Federal, state or local, necessary for the acquisition and operation of the Equipment, and for the performance or observance of the obligations on the part of the parties thereto to be performed or observed under this Agreement, the Purchase Agreement, the Equipment Trust Agreement, the

Lease, the Lease Assignment, the Consent, the Manufacturing Agreement, the Assignment and the Reassignment at or prior to such Closing Date, required to be obtained at or prior to such Closing Date, shall have been obtained.

(d) The Lease, the Equipment Trust Agreement and the Lease Assignment, together with any supplements thereto executed and delivered prior to such Closing Date, shall have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act; all taxes, fees and other charges in connection with the execution, delivery, recording, publication and filing of all such instruments shall have been paid in full.

(e) The Owner-Trustee shall have received an opinion of counsel of the Lessee dated as of the Closing Date, in form and substance satisfactory to it, to the effect set forth in subparagraphs (a), (b), (e), (f), (g), (l) and (m) of Paragraph 2 hereof and in subparagraphs (c) and (d) of Paragraph 2 hereof to the knowledge of such counsel and further to the effect that:

(i) this Agreement, the Purchase Agreement, the Lease, any supplements thereto, the Manufacturing Agreement, any supplements thereto, the Assignment and the Reassignment and the Consent have been

duly authorized, executed and delivered by the Lessee and, assuming the due authorization, execution and delivery thereof by the other parties thereto, constitute valid, legal and binding agreements, enforceable in accordance with their terms;

(ii) the Equipment Trust Agreement, the Lease, the Lease Assignment and any supplements thereto have been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act, and will protect the interests of the Owner and the Owner-Trustee in and to the Equipment and no filing, recording or deposit of any other document with (or giving of notice to) any other Federal, state or local government or agency or instrumentality thereof is necessary to protect the interests of the Owner and the Owner-Trustee in and to the Equipment in the United States of America; and

(iii) no existing mortgage, deed of trust or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interest therein of the Lessee, now attaches or hereafter will attach to the Equipment; provided, however, that such liens may attach to

the rights of the Lessee under such Lease in and to the Equipment and provided, further, however, that such liens in no manner affect or will affect adversely the interests of the Owner and the Owner-Trustee therein.

(f) The Lessee's representations and warranties contained in Paragraph 2 hereof shall be true on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date; the Lessee shall not be in default under this Agreement or the Lease; and the Lessee shall have delivered to the Owner-Trustee an Officer's Certificate to that effect.

(g) Equipment Trust Certificates shall have been issued in principal amount aggregating 64.25% of the aggregate Purchase Price of the Equipment then being settled for, the supporting papers required by Section 4.04 of the Equipment Trust Agreement shall have been delivered, and the Trustee shall have paid or caused to be paid to the Manufacturer of such Equipment the amounts to be paid by the Trustee pursuant to the Equipment Trust Agreement.

(h) The Owner-Trustee shall have received (i) a certificate of the Lessee dated as and to the effect described in

Section 4.04(a) of the Equipment Trust Agreement, (ii) bills of sale from the Manufacturer to the effect described in Section 4.04(b) of the Equipment Trust Agreement, (iii) opinion of counsel for the Manufacturer dated as and to the effect described in Section 4.04(c) of the Equipment Trust Agreement, (iv) a certificate of the Lessee as to the insurance required under § 6 of the Lease being in full force and effect, (v) an opinion of counsel for the Owner-Trustee dated as and to the effect described in Paragraph 7(b) of the Purchase Agreement, and (vi) such other documents as it may reasonably request in connection with the transactions contemplated by this Agreement, including copies of all corporate proceedings in connection therewith, all in form and substance satisfactory to it.

(i) The Owner-Trustee's representations and warranties contained in Paragraph 4 of the Purchase Agreement shall be true on and as of the Closing Date as if such representations and warranties had been made on and as of the Closing Date.

In the event that, due to the failure of one or more of the conditions set forth above (any of which may be waived by the Owner and the Owner-Trustee, and payment by the Owner-Trustee or by the Owner on behalf of the Owner-

Trustee in respect of Equipment shall be conclusive evidence that such conditions have been waived or fulfilled), the Owner shall be relieved of its obligation to authorize and direct the Owner-Trustee, and the Owner-Trustee shall be relieved of its obligation to purchase and pay for the Equipment, the Lessee will purchase or cause to be purchased the interest of the Owner-Trustee in the Equipment and in payment therefor will assume and agree to discharge the obligations of the Owner-Trustee relating to the Equipment under the Manufacturing Agreement and the Equipment Trust Agreement.

5. If, on the Closing Date, the aggregate Purchase Price in respect of Equipment for which settlement has theretofore or is then being made under the Manufacturing Agreement assigned to the Owner-Trustee exceeds \$9,230,000 (or such higher amount as the Owner may at its option agree to) the Lessee shall, upon request of the Owner-Trustee, enter into an agreement excluding from the Assignment or the Reassignment, as the case may be, and the Lease such unit or units of Equipment as will, after giving effect to such exclusion, reduce such aggregate Purchase Price to not more than \$9,230,000. The Owner-Trustee shall reassign its right to purchase and take delivery of such excluded units, or, in the case of any such units which shall have been delivered

to and accepted by the Owner-Trustee, shall transfer and convey its right, title and interest in such units, to the Lessee, and the Lessee shall assume and agree to discharge all obligations of the Owner-Trustee in respect of such units under the Manufacturing Agreement.

6.1. The Lessee agrees that the Owner is the beneficial owner of the Equipment for Federal income tax purposes, and is entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property.

6.2. The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any tax returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into taxable income by the Owner over the amounts specified to be payable under the Lease on the dates due thereunder except as specifically provided in the Lease, and that each of such corporations will file such returns, take such actions and execute such documents as may be necessary to facilitate accomplishment of the intent hereof.

6.3. The Lessee represents and warrants that (i) at the date of delivery of the Equipment, the Equipment will con-

stitute "new section 38 property" within the meaning of sections 46 and 48 of the Code, (ii) at the date of delivery of the Equipment, the Equipment will not have been used by any person so as to preclude "the original use of such property" within the meaning of sections 48(b) and 167(c)(2) of the Code from commencing with the Owner and the Owner Trustee, (iii) at the date of delivery of the Equipment, the Equipment will be classified in the Asset Guideline Class No. 00.25 with a lower asset depreciation range of 12 years, (iv) the Lessee will not at any time during the term of the Lease, use any unit of Equipment in such a way as to disqualify it as "section 38 property" within the meaning of section 48(a) of the Code, (v) any use of the Equipment outside the United States will not generate income or deductions with respect to the Equipment which are derived from, allocable or apportionable to, sources without the United States within the meaning of the Code, and (vi) the Lessee will maintain sufficient records to verify such use, which records will be furnished to the Owner within 30 days after written demand therefor.

6.4. The Owner will apply for and diligently seek a ruling (hereinafter called the Ruling) from the Internal Revenue Service (hereinafter called the Service) to the effect that, for Federal income tax purposes:

(i) The trust established pursuant to the Trust

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Agreement will be subject to subpart E, part 1 of subchapter J, Chapter 1, of the Code, and the Owner will be treated as the owner of the entire trust. The Owner, as owner of the Trust, will include in computing the Owner's taxable income and credits against tax the items of income, deductions, and credits against tax of the Trust (including capital gains and losses) under section 671 of the Code and the regulations issued thereunder.

(ii) The Lease will be a true lease for Federal income tax purposes, and the Owner will be treated as the purchaser, owner, lessor, and original user of the Equipment.

(iii) The Owner will be entitled to the investment tax credit under section 38 of the Code and the regulations issued thereunder based upon the Purchase Price of the Equipment as "new section 38 property" (including the portion of such Purchase Price represented by the Equipment Trust Certificates).

(iv) The Owner will be entitled to depreciate the Equipment under section 167(a) of the Code in accordance with any of the methods prescribed by section 167(b) of the Code based upon the Purchase Price (including the portion of the Purchase Price represented by the Equipment Trust Certificates).

(v) Under Regulation § 1.167(a)-11(b)(2) the Equipment will constitute eligible property as to which the election of section 167(m) is available, and the Equipment will be classified

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in the Asset Guideline Class No. 00.25 of Revenue Procedure 72-10, 1972-1 Cum. Bull. 721, and may be assigned an asset depreciation period (useful life) of 12 years.

(vi) The Owner will be entitled to deduct the interest paid or accrued on the Equipment Trust Certificates pursuant to section 163 of the Code.

(vii) The Lessee will be entitled to deduct its payments under the Lease under section 162(a)(3) of the Code.

6.5. Nothing herein shall preclude the Owner from applying for and seeking such other rulings of the Service not inconsistent with the rulings hereinbefore described as the Owner may deem in its sole discretion advisable. The Lessee will join in the request for the Ruling and will furnish such documents, records and representations, including, but not limited to, evidence of estimated useful life and estimated residual value of the Equipment, sufficient to support the matters claimed in the request for the Ruling as shall be deemed necessary and appropriate for such request by the Owner.

6.6. (a) Except as otherwise provided in Paragraph 6.6.(f) hereof, if for any reason the Owner shall not be entitled to or shall suffer a disallowance or recapture of all or any portion of the depreciation deduction with respect to the total Purchase Price of the Equipment computed pursuant to the double declining balance method of depreciation switching to the sum

of the years digits method or from the sum of the years digits method to the straight line method when most beneficial to the Owner and determined on the basis of an asset depreciation period of 12 years and a net salvage value of 6.04% of the Purchase Price (such deduction being hereinafter called the ADR Deduction), the deduction with respect to interest under the Equipment Trust Certificates authorized under section 163 of the Code (such deduction herein called the Interest Deduction), the investment credit equivalent to 7% of the total Purchase Price for the Equipment authorized under section 38 of the Code for "new section 38 property" (such credit being herein called the Investment Credit) or if for Federal income tax purposes any item of income, loss, or deduction with respect to the Equipment is treated as derived from, or allocable to, sources without the United States under the Code, in each case to the extent the relevant loss occurred with respect to an event during the term of the Lease (any such loss being hereinafter called a Loss), then the Lessee shall pay to the Owner, as an indemnity, on the next succeeding rental payment date (as defined in the Lease) occurring more than 30 days after delivery of written notice to the Lessee by the Owner of such Loss together with the certificate referred to in the next sentence of this paragraph and the certificate referred to in the next to the last sentence of the immediately succeeding paragraph (such

certificates and notice being collectively herein called the "Net Return Notice"), which Net Return Notice may not be given more than 30 days prior to payment by the Owner of the additional Federal, state or local income tax, as the case may be, which becomes due as a result of the Loss, and on each rental payment date thereafter during the remaining term of the Lease, such amount or amounts as shall, pursuant to the good faith and reasonable calculations of the tax department of the Ford Motor Company (hereinafter referred to as the Owner's Tax Counsel) cause the Owner's net return (computed on the same assumptions including tax rates as were utilized by the Owner in originally evaluating this transaction) to equal the net return that would have been realized by the Owner if such Loss had not occurred. In connection therewith, the Owner will provide the Lessee with a certificate of an officer of the Owner setting forth in reasonable detail the figures and method used in making such calculations.

In lieu of the amount or amounts provided for in the preceding paragraph the Lessee at its option may elect by giving written notice to the Owner, within thirty (30) days after receipt by the Lessee of the Net Return Notice, to pay an amount which, after deduction of all taxes required to be paid by the Owner and the Owner-Trustee in respect of the receipt thereof under the laws of any Federal, state or local government

or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, as determined by the good faith and reasonable calculation by the Owner's Tax Counsel, be equal to the sum of (i) any portion of the Investment Credit lost, not claimed, not available for claim, disallowed or recaptured by or from the Owner as a consequence of such Loss, (ii) the excess of the foreign tax credit under section 901 of the Code which would have been allowable to the Owner with respect to such year if no item of income or deduction of the Owner with respect to the Equipment were treated as derived from, or allocable to, sources without the United States over the foreign tax credit actually allowable to the Owner with respect to such year (such excess being hereinafter called the Foreign Tax Credit), (iii) the aggregate additional Federal, state, and local income taxes payable by the Owner for such year as a result of any loss of any portion of the Interest Deduction or ADR Deduction, (iv) any interest, additions to tax, or penalties incurred in connection with the Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit, which is lost, not claimed, not available for claim, disallowed or recaptured, and (v) an amount equal to interest on the sum specified in clauses (i) through (iv) hereof at the rate of 16.5 percent per annum compounded semiannually computed from the later of the date the

Net Return Notice is given or the date the additional Federal, state, or local income tax is paid to the earlier of the date on which such sum is paid by the Lessee or on the date on which such sum is due. If, as a result of a Loss for which the Lessee is obligateded to indemnify the Owner pursuant to this second paragraph of Paragraph 6.6.(a), the aggregate Federal, state or local income taxes paid by the Owner for any taxable year shall be less than the amount of such taxes which would have been payable by the Owner had no Loss occurred, then the Owner shall pay promptly in the reasonable, good faith opinion of the Owner's Tax Counsel, to the Lessee the amount of such difference in taxes, plus any additional tax benefits realized by the Owner as a result of such payment, as determined by the good faith and reasonable calculations of the Owner's Tax Counsel, plus interest thereon of the rate of 16.5 percent from the day the Owner realizes such tax benefits in the reasonable good faith and opinion of the Owner's Tax Counsel to the date of payment by the Owner to the Lessee, provided, however, that the Owner shall not be obligated to make any payment pursuant to this sentence to the extent that the amount of such payment would exceed (x) the amount of all prior payments by the Lessee to the Owner pursuant to this second paragraph of Paragraph 6.6.(a) in respect of one or more Losses, less (y) the amount of all prior payments by the Owner to the Lessee hereunder, and the

amount by which such payment would exceed such amounts shall reduce pro tanto any subsequent obligation of the Lessee to make any payments to the Owner pursuant to the preceding sentence of this paragraph. For the purposes of the previous two sentences of this paragraph Federal, state, local and foreign taxes shall be assumed to be imposed at an aggregate rate of 50%. The amount payable to the Owner pursuant to this paragraph shall be due on the later of (i) 30 days after the appropriate Net Return Notice is given or (ii) two business days following payment by the Owner of the additional Federal, state or local income tax, as the case may be. In connection with any payment of indemnity under this paragraph, or any payment by the Owner to the Lessee under this paragraph or the reduction of any future payments of indemnity by the Lessee under this paragraph, the Owner will provide the Lessee with a certificate of an officer of the Owner setting forth in reasonable detail the figures and method used in making such calculation. Further, the Lessee hereby agrees that it will not have the right to inspect the tax returns or related documents of the Owner, the Owner-Trustee, Ford Motor Company, or any affiliate of the Owner, the Owner-Trustee, or Ford Motor Company in order to confirm the good faith and reasonable calculations made by Tax Counsel pursuant to this paragraph and the immediately preceding paragraph.

The indemnities provided for in this Paragraph 6.6. shall constitute the exclusive damages to the Owner arising out of a default or breach of or in the observance or performance of any covenant, condition, agreement, representation or warranty on the part of the Lessee contained in this Paragraph 6.6.

Any late payment by any party hereto of any of its obligations under this Paragraph 6.6.(a) shall result in the obligation on the part of such party promptly to pay either an amount equal to interest at the rate of 16.5% per annum, compounded semiannually on the overdue payment for the period of time during which such payment is overdue, or such lesser amount as may be legally enforceable. All payments due hereunder shall be made in immediately available funds at the principal office of the payee.

6.6. (b) In the event that the Service issues an adverse ruling, which, in the reasonable opinion of the Owner's Tax Counsel, denies the Owner's entitlement to all or any portion of the Investment Credit, the ADR Deduction or the Interest Deduction, the portion of the Investment Credit, the ADR Deduction, or the Interest Deduction which the Service holds the Owner is not entitled to, shall be deemed to be lost and not available for claim for the purposes of Paragraph 6.6.(a). If the Service indicates that it intends to rule adversely on

any item in respect of which the Lessee may be required to indemnify the Owner, the Owner and the Lessee shall in good faith consult each other and take such actions as they agree are necessary to secure the Investment Credit, ADR Deduction and Interest Deduction. Notwithstanding the above, if the Service indicates its intent to rule adversely, the Owner (i) agrees, if so requested by the Lessee in writing, to use its best efforts to withdraw the ruling request and (ii) reserves the right to withdraw the ruling request.

6.6. (c) The Owner agrees to claim on its Federal income tax returns the Investment Credit, the ADR Deduction and the Interest Deduction, respectively, if and to the extent the Ruling is received which, in the opinion of the Owner's Tax Counsel, confirms the Owner's entitlement thereto. In the event the Ruling is not received or the Ruling is received which, in the opinion of the Owner's Tax Counsel, does not confirm the Owner's entitlement to the Investment Credit, the ADR Deduction, or the Interest Deduction, the Owner shall be under no obligation to claim either on its Federal income tax returns or on a timely filed refund claim the Investment Credit, the ADR Deduction or the Interest Deduction to the extent not confirmed by the Ruling, unless:

- (i) the Lessee requests the Owner to make such claim within 20 days after the Owner has notified the

Lessee of its intent not to make such claim;

(ii) notwithstanding any opinion previously rendered with respect to the transactions contemplated by this Agreement, Messrs. Sullivan & Cromwell or other Independent Counsel selected by the Owner and approved by the Lessee, which approval shall not be unreasonably withheld (hereafter such other independent counsel so selected and approved shall be referred to as Independent Counsel), renders a written opinion within 60 days after receiving a request for such opinion that there is a reasonable basis to make such claim; and

(iii) the Lessee agrees to pay on demand all reasonable out-of-pocket expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or Independent Counsel, paid or incurred by the Owner in connection with this Paragraph.

If the Lessee does not request the Owner to claim on its tax returns the Investment Credit, the ADR Deduction or the Interest Deduction within 20 days after the Owner has given it notice not to make such claim, or if Messrs. Sullivan & Cromwell or Independent Counsel does not render a written opinion within 60 days after receiving a request for such opinion that there is a reasonable basis to claim the portion of the Investment Credit, Interest

Deduction, or ADR Deduction not confirmed by a ruling, the portion of the Investment Credit, Interest Deduction, or ADR Deduction not confirmed by a ruling shall be deemed a Loss for purposes of Paragraph 6.6.(a).

Notwithstanding anything to the contrary in this Paragraph 6.6.(c), if within the 60-day period referred to in clause (ii) of this Paragraph 6.6.(c) Messrs. Sullivan & Cromwell or Independent Counsel does not render the opinion required in such clause (ii), no amount shall be payable to the Lessee as provided in Paragraph 6.6.(a) if the Owner does not claim the Investment Credit, the ADR Deduction, and the Interest Deduction, unless within such 60 days Messrs. Sullivan & Cromwell or Independent Counsel renders a letter to the Owner, to the effect that, in its legal opinion, it is unable to issue an opinion that there is reasonable basis to make such claim.

6.6. (d) If a Service auditing agent proposes or makes an adjustment in respect of which the Lessee may be required to indemnify the Owner in accordance with Paragraph 6.6.(a) hereof, the Owner shall be under no obligation whatsoever to contest such adjustment or proposed adjustment, unless:

(i) the Lessee requests the Owner to contest such adjustment or proposed adjustment within 20 days after the Owner has notified the Lessee of its intent not to contest such adjustment;

(ii) notwithstanding any other opinion previously rendered in respect of the transactions contemplated by this Agreement, Messrs. Sullivan & Cromwell or Independent Counsel renders a written opinion within 60 days after receiving a request for such opinion that there is a reasonable basis to contest such adjustment or proposed adjustment, as the case may be; and

(iii) the Lessee agrees to pay on demand all reasonable out-of-pocket expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or Independent Counsel, paid or incurred by the Owner in connection with this paragraph.

If the Lessee does not request the Owner to contest such adjustment or proposed adjustment within 20 days after the Owner has given it notice of such adjustment, or if Messrs. Sullivan & Cromwell or Independent Counsel does not render a written opinion within 60 days after receiving a request for such opinion that there is a reasonable basis on which to contest such adjustment or proposed adjustment, the portion of the Investment Credit, Interest Deduction, ADR Deduction, or Foreign Tax Credit so adjusted or proposed to be adjusted shall be deemed a Loss for the purposes of Paragraph 6.6.(a).

Notwithstanding anything to the contrary in this Paragraph 6.6.(d), if within the 60-day period referred to in

clause (ii) of this Paragraph 6.6.(d) Messrs. Sullivan & Cromwell or Independent Counsel does not render the opinion required in such clause (ii), no amount shall be payable by the Lessee as provided in Paragraph 6.6.(a) if the Owner does not contest an adjustment or a proposed adjustment by a Service auditing agent, unless Messrs. Sullivan & Cromwell or Independent Counsel within such 60 days renders a letter to the effect that, in its legal opinion, it is unable to render an opinion that there is a reasonable basis to contest such adjustment or proposed adjustment.

6.6. (e) If the Owner shall contest an adjustment or proposed adjustment administratively in accordance with Paragraph 6.6.(d) hereof and not prevail in the opinion of the Owner's Tax Counsel, the Owner shall be under no obligation to contest such adjustment, assessment, or deficiency, in respect to which the Lessee may be required to indemnify the Owner in accordance with Paragraph 6.6.(a) in the United States Tax Court, the United States Court of Claims, or any District Court of the United States of competent jurisdiction unless:

(i) the Lessee requests the Owner to contest such adjustment or proposed adjustment, assessment, or deficiency within 20 days after the Owner has notified the Lessee of its intent not to make such contest;

(ii) notwithstanding any opinion previously rendered

in respect of the transactions contemplated by this Participation Agreement, Messrs. Sullivan & Cromwell or Independent Counsel renders a written opinion within 60 days after receiving a request for such opinion that the Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit adjustment, disallowed, or recaptured, as the case may be, is allowable under the statutes of the United States, the regulations promulgated thereunder, and decided judicial cases; and

(iii) the Lessee agrees to pay on demand all reasonable out-of-pocket expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or Independent Counsel, paid or incurred by the Owner in connection with this paragraph, as well as all expenses and legal fees incurred in connection with any legal proceeding contemplated by this Paragraph 6.6.(e).

If the Lessee does not request the Owner to contest any such deficiency in a court of competent jurisdiction within 20 days after the Owner has given it notice thereof or if Messrs. Sullivan & Cromwell or Independent Counsel selected by the Owner and approved by the Lessee does not render a written opinion within 60 days after receiving a request for such opinion that the credit or deductions as the case may be are allowable, then such deficiency with respect to the Investment Credit, ADR Deduction,

Interest Deduction or Foreign Tax Credit shall be deemed a Loss for purposes of Paragraph 6.6.(a). If the Owner institutes judicial proceedings in accordance with this Paragraph 6.6.(e) and does not prevail at any judicial level, then the deficiency so determined with respect to the Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit shall be deemed a Loss for purposes of Paragraph 6.6.(a). The Owner shall have no obligation to appeal any decision of any court.

Notwithstanding anything to the contrary in this Paragraph 6.6.(e), if within the 60-day period referred to in clause (ii) of this Paragraph 6.6.(e) Messrs. Sullivan & Cromwell or Independent Counsel does not render the opinion required in such clause (ii), then no amount shall be payable by the Lessee pursuant to Paragraph 6.6.(a) if the Owner does not contest the adjustment, assessment or deficiency administratively made or proposed in the United States Tax Court, the United States Court of Claims, or any District Court of the United States of competent jurisdiction, unless within such 60 days Messrs. Sullivan & Cromwell or Independent Counsel renders a letter to the effect that, in its legal opinion, it is unable to render an opinion that the Investment Credit, the ADR Deduction, the Interest Deduction or the Foreign Tax Credit adjusted, disallowed or recaptured, as the case may be, is allowable under the statutes of the United States, the regulations

promulgated thereunder, and decided judicial cases.

If the Owner contests any proposed deficiency or adjustment in a court of competent jurisdiction, the Owner's Tax Counsel shall determine in its sole discretion whether to petition the United States Tax Court for a redetermination of the deficiency proposed to be assessed by the Service or to pay the deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid. In the event that the Owner pays the tax resulting from a proposed adjustment or deficiency and proceeds to seek a refund thereof, the Lessee agrees to pay the Owner an amount equal to interest at a rate equal to 3% per annum plus the rate which Manufacturers Hanover Trust Company, New York, New York, charges for 90-day unsecured loans to large corporate borrowers of the highest credit standing in effect from time to time on the amount of tax in question computed from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal instalments within each calendar year on the dates on which rental for such period is payable under the Lease. Upon receipt by the Owner of a refund of any tax paid by it in respect of which the Lessee has paid an amount equal to interest at the rate provided in the preceding sentence while such tax payment was contested by the Owner, an amount equal to the aggregate amount of such interest shall be paid by the Owner to the

Lessee forthwith.

Notwithstanding anything to the contrary contained in Paragraph 6.6., if Messrs. Sullivan & Cromwell or other Independent Counsel selected by the Owner renders a written opinion that the Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit as the case may be, are allowable, the Owner in its sole and absolute discretion may forego the indemnities contained herein with respect to such Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit and may choose not to institute any judicial proceedings.

6.6. (f) The Lessee shall not be required to make any payment pursuant to Paragraph 6.6.(a) hereof on account of a loss of all or any portion of the Investment Credit, ADR Deduction, Interest Deduction, or Foreign Tax Credit which results from any one of the following causes:

(i) the failure of the Owner to have sufficient Federal income tax liability against which to apply the Investment Credit or Foreign Tax Credit or sufficient income to benefit from the ADR Deduction and Interest Deduction;

(ii) the failure of the Owner and the Owner-Trustee to claim in a timely manner (including making all appropriate elections under the applicable regulations) the Investment Credit, the ADR Deduction, the Interest

Deduction, or Foreign Tax Credit including a timely election, if and when permitted by the Code, to treat income and deductions with respect to the Equipment as derived from, or allocable to, sources within the United States (provided that in the reasonable good faith opinion of the Owner's Tax Counsel such election shall be equivalent to the election now available with respect to vessels and aircraft under section 861(e) of the Code), unless the Owner is not obligated to claim such items pursuant to Paragraph 6.6.(c) hereof;

(iii) a voluntary transfer (including pursuant to § 12 of the Lease) or other voluntary disposition (whether prior to, during or subsequent to the term of the Lease, other than pursuant to the Lease Assignment), by the Owner or the Owner-Trustee, or any transfer or disposition by the Owner resulting from bankruptcy or other proceedings for the relief of debtors in which the Owner is the debtor, whether voluntary or involuntary, in each case, of any interest in a Unit of Equipment, the residual value thereof, or the rentals therefrom, unless in each case an Event of Default, as defined in § 9 of the Lease, shall have occurred;

(iv) a Casualty Occurrence with respect to a Unit of Equipment, but only if the Lessee shall have paid the

Owner-Trustee or the Owner the amounts stipulated in § 6 of the Lease;

(v) any amendment to, or change in, the Code or regulations thereunder after the delivery of the Equipment to the Owner-Trustee under the Manufacturing Agreement; and

(vi) the failure of the Owner and the Owner-Trustee to specify on the Owner's or the Owner-Trustee's tax returns, if required by the applicable Income Tax Regulations relating to the election of ADR Deductions, gross salvage value for each unit of Equipment of not more than 16.04 percent of the Purchase Price of such Unit, the failure of the Owner to make an election pursuant to section 167(f) of the Code to reduce the amount of such gross salvage value by 10 percent of the Purchase Price of such unit, or if the Owner takes a position inconsistent with a gross salvage value to the Owner of not more than 16.04 percent of the Purchase Price of such unit, except if the Owner takes such position in reliance upon any representation, statement or act of the Lessee.

6.7. If the Lessee becomes obligated to pay any amount pursuant to Paragraph 6.6.(a), the Lessee, or its designate, after written notice to the Owner and the Owner-Trustee, may purchase the interests of the Owner and the Owner-Trustee in and to the Equipment without warranty, representation,

or recourse of any nature whatsoever against the Owner and the Owner-Trustee upon:

(a) The payment by the Lessee in immediately available funds of an amount equal to the sum of:

(i) 35.75% of the Purchase Price of the Equipment made by the Owner in accordance with this Agreement;

(ii) the Owner's and the Owner-Trustee's expenses paid or incurred in connection with the entering into of the transactions contemplated hereby (including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell and the broker fee of 1.5 percent of the Purchase Price payable to Itel Leasing Corporation);

(iii) interest on the amounts set forth in the clauses (i) and (ii) of Paragraph 6.7(a) at the rate of 16.5% per annum, compounded semiannually, computed from the date such amounts were paid or incurred by the Owner and the Owner-Trustee; less any rental or casualty payment or portions thereof theretofore paid by Lessee which has neither been applied by the Owner-Trustee to the payment of the Equipment Trust Certificates or interest thereon nor is then owing with respect thereto; and upon

(b) Unconditional assumption by the Lessee of all obligations of the Owner and the Owner-Trustee under the Equipment Trust Agreement and the Manufacturing Agreement by supplements

thereto in form and substance satisfactory to the Trustee.

6.8. If the amounts of the Investment Credit, ADR Deduction, or Interest Deduction allowable with respect to the transactions contemplated by this Agreement is decreased or increased by any amendment, modification, addition or change made in the provisions of the Code, which increase or decrease is made effective as of a date on or before the Equipment is placed in service,

(i) the rental payments due under § 2 of the Lease shall be adjusted to (A) an amount equal to 4.5779% of the Purchase Price if the amount of the Investment Credit allowed with respect to the Equipment is increased to 10% of the Purchase Price and there are no other changes with respect to the Investment Credit, the ADR Deduction or Interest Deduction, or (B) such amounts as will preserve the Owner's net return on its investment as shall be determined by agreement of the Owner and the Lessee;

(ii) the indemnities provided for under Paragraph 6.6. shall be adjusted appropriately so that the Owner shall be protected against loss, disallowance, or recapture of any increased Investment Credit, ADR Deduction or Interest Deduction for which an adjustment in the rental shall have been made; and

(iii) the Casualty Value specified in § 6 of the

Lease shall be adjusted to protect the Owner against recapture of the increased or decreased Investment Credit.

6.9. Upon payment by the Lessee of any amounts pursuant to Paragraph 6.6.(a), the Casualty Values under the Lease shall be adjusted appropriately and upon payment of all or any portion of the Casualty Values under the Lease the payments pursuant to Paragraph 6.6.(a) shall be adjusted appropriately, in each case in accordance with the good faith and reasonable calculations of the Owner's Tax Counsel.

7. This Agreement may be executed in any number of counterparts, all of which together shall constitute a single instrument.

8. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each of and all the representations, covenants, undertakings and agreements herein made on the part of the Owner-Trustee, are made and intended not as personal representations, covenants, undertakings and agreements by Trust Company Bank, or for the purpose or with the intention of binding such bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by such bank not in its own

right but solely in the exercise of the powers expressly conferred on it as trustee under the Trust Agreement. The term Owner-Trustee, as used herein, shall refer to any successor trustee appointed pursuant to the Trust Agreement.

9. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or mailed by prepaid first class mail to the recipient party at its address set forth in or furnished pursuant to § 17 of the Lease.

10. Any provision of this Agreement may be amended, supplemented or waived only by an instrument executed by the party or parties against whom enforcement of such amendment, supplement or waiver is sought.

11. This Agreement may be executed in several counterparts each of which shall be deemed to be an original, and all such counterparts shall together constitute one and the same instrument.

12. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of New York.

13. Neither the rights nor the obligations of any party hereto may be assigned by such party to any other person without the consent of both of the other parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused

this Agreement to be executed by duly authorized officers or other persons, as of the date first above written.

TRAILER TRAIN COMPANY,

by

Vice President-Finance
and Treasurer

FORD MOTOR CREDIT COMPANY,

by

Associate Loan Officer

TRUST COMPANY BANK,

by

Authorized Officer

by

Authorized Officer