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INTERSTATE COMMERCE COMMISSION

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BOND MORTGAGE AND SECURITY AGREEMENT  
(TRUST DEED)

Dated as of August 15, 1974

From

NORTH AMERICAN CAR (CANADA) LIMITED

To

FIRST NATIONAL BANK OF MINNEAPOLIS,  
as Security Trustee

Relating to  
Secured Bonds Due 1975-1995

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BOND MORTGAGE AND SECURITY AGREEMENT  
(TRUST DEED)

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BOND MORTGAGE AND SECURITY AGREEMENT (TRUST DEED)  
(the "Bond Mortgage and Security Agreement") dated as of August 15, 1974 between NORTH AMERICAN CAR (CANADA) LIMITED, incorporated under the laws of the Province of Ontario, Canada whose post office address is c/o North American Car Corporation, 222 South Riverside Plaza, Chicago, Illinois 60606 and FIRST NATIONAL BANK OF MINNEAPOLIS whose post office address is 120 South Sixth Street, Minneapolis, Minnesota 55480.

WHEREAS, the defined terms used in this Bond Mortgage and Security Agreement shall have the respective meanings indicated in Section 1 unless elsewhere defined or the context shall otherwise require.

WHEREAS, the Company has entered into an Interim Loan Agreement dated as of August 15, 1974 (the "Interim Loan Agreement") providing for the commitment of the institutional lender (the "Interim Lender") named in the Interim Loan Agreement to make loans to the Company on or prior to December 31, 1974 not exceeding the aggregate principal amount for the Interim Lender set forth in Schedule 1 to the Interim Loan Agreement to be evidenced by Interim Bonds (the "Interim Bonds") of the Company expressed to bear interest at the rate per annum set forth in Schedule 1 to the Interim Loan Agreement prior to maturity and to mature on the earlier of the Term Loan Closing Date (as defined in the hereinafter referred to Term Loan Agreements) or January 31, 1975 and to be otherwise substantially in the form attached as Exhibit A to the Interim Loan Agreement.

WHEREAS, the Company has entered into separate and several Term Loan Agreements each dated as of August 15, 1974 (the "Term Loan Agreements") providing for the several commitments of the institutional lenders (the "Term Lenders") (said Term Lenders and Interim Lender being hereinafter collectively referred to as the "Lenders") named in the Term Loan Agreements to make loans to the Company on or prior to January 31, 1975 not exceeding the aggregate principal amount for each Term Lender respectively set forth in Schedule 1 to the Term Loan Agreements to be evidenced by Secured Bonds (the "Term Bonds") of the Company expressed to bear interest at the rate of 11% per annum prior to maturity (or such other interest rate per annum as may be provided for in the Term Loan Agreements as executed) to be expressed to mature in 40 semiannual installments, including both principal and interest payable on January 31 and July 31 in each year commencing July 31, 1975 to and including January 31, 1995, and to be otherwise substantially in the form of Exhibit A to the Term Loan Agreements.

WHEREAS, the proceeds of the Interim Bonds are to be applied to finance the acquisition by the Company of the Equipment described in Schedule 1 attached hereto and made part hereof and on completion of the delivery to and acquisition by the Company of any Equipment, and concurrently with the borrowings by the Company under the Interim Loan Agreements in respect of such Equipment, (i) the Company will sell such Equipment, subject to this Bond Mortgage and Security Agreement and the Lease to the Lessor, (ii) the Lessor will pay approximately 33.70<sup>4</sup>700% of the invoice cost of such Equipment in cash and will pay the balance of the purchase price by executing and delivering Assumption Agreements in respect of the Bonds evidencing the borrowings by the Company in respect of such Equipment, and (iii) the Lessor will lease such Equipment to the Lessee under the Lease referred to in Section 1 hereof.

WHEREAS, the proceeds of the Term Bonds are to be applied to the payment of the Interim Bonds.

WHEREAS, all of the requirements of law have been fully complied with and all other acts and things necessary to make this Bond Mortgage and Security Agreement a valid, binding and legal instrument to secure the Indebtedness Hereby Secured have been done and performed.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, receipt whereof is hereby acknowledged, and in order to secure the payment of the principal and interest on the Bonds according to their tenor and effect, and to secure the payment of all other Indebtedness Hereby Secured and the performance and observance of all the covenants and conditions contained in the Bonds, this Bond Mortgage and Security Agreement and the Loan Agreements:

The Company hereby grants, bargains, sells, cedes, transfers, assigns, mortgages, hypothecates, pledges, charges and grants a security interest as and by way of a fixed and specific Mortgage hypothec, pledge and charge to and in favor of the Security Trustee, its successors in trust and assigns, in and to the following described properties, rights, interests and privileges (hereinafter sometimes referred to as the "Collateral"):

The Items of Equipment described in Schedule 1 hereto, together with all accessories, equipment, parts and appurtenances appertaining or attached to said Equipment whether now owned or hereafter acquired and all substitutions, renewals and replacements of and additions, improvements, accessions and accumulations to any and all of said Equipment, together with the proceeds thereof.

SUBJECT, HOWEVER, to the right, title and interest of the Lessee under the Lease and the lien of current taxes and assessments not in default (but only if such taxes are entitled to priority as a matter of law) or, if delinquent, the validity of which is being contested in good faith.

TO HAVE AND TO HOLD the Collateral unto the Security Trustee, its successors in trust and assigns, forever; IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth, for the equal and proportionate benefit, security and protection of all present and future holders of the Bonds outstanding under the Loan Agreements, without preference, priority or distinction of any Bond over any other Bond by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever; provided, always, however, that these presents are upon the express condition that if the Company shall pay or cause to be paid all the Indebtedness Hereby Secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreements and the Bonds contained, then these presents and the security interest hereby granted shall cease and this Bond Mortgage and Security Agreement shall become null and void; otherwise this Bond Mortgage and Security Agreement shall remain in full force and effect.

#### SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Bond Mortgage and Security Agreement:

"Acquisition Agreement" shall mean the Agreement to Acquire and Lease dated as of August 15, 1974 among the Lessor, the Lessee and the Company.

"Bond" shall mean any of, and "Bonds" shall mean all of, the then outstanding Interim Bonds and Term Bonds, and outstanding when used with reference to Bonds shall mean, as of any particular time, all Bonds delivered by the Company and secured hereby, except:

(a) Interim Bonds following the payment thereof by application of the proceeds of the Term Bonds;

(b) Bonds theretofore cancelled by the Security Trustee or delivered to the Security Trustee for cancellation;

(c) Bonds for the payment or prepayment of which moneys in the necessary amount shall have been deposited in trust with the Security Trustee; provided, that if such Bonds are to be prepaid prior to the maturity thereof, notice of such prepayment shall have been given as in Section 5.3 hereof provided, or provision satisfactory to the Security Trustee shall have been made for giving such notice; and

(d) Bonds in lieu of or in substitution for which other Bonds shall have been delivered pursuant to the terms of Section 2 hereof.

"Company" shall mean North American Car (Canada) Limited, a corporation duly incorporated under the laws of the Province of Ontario, Canada, and shall also include its successors and assigns, including without limitation any party assuming the obligations of the Company in respect of the Bonds issued hereunder.

"Default" shall mean any event which would constitute an Event of Default if any requirement in connection therewith for the giving of notice or the lapse of time or the happening of any further condition, event or act had been satisfied.

"Equipment" or "Items of Equipment" shall mean the equipment described in Schedule 2 hereto, together with any and all accessories, appliances, equipment, parts and appurtenances, whether now owned or hereafter acquired, from time to time incorporated or installed therein or thereon and "Item" or "Item of Equipment" shall mean any one of said Items of Equipment.

"Event of Default" shall mean any of the events specified in Section 6.1 hereof to constitute an Event of Default.

"Fixed Rent" shall mean for any one Item of Equipment, the aggregate rent payable, if any, for such Item pursuant to Section 2.1(a) of the Lease and for all Items, the aggregate of all such rents payable for all Items.

"Indebtedness Hereby Secured" shall mean the Bonds and all principal thereof (and premium, if any) and interest thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Company under the terms of the Bonds, this Bond Mortgage and Security Agreement or the Loan Agreements.

"Interim Rent" shall mean for any one Item of Equipment, the aggregate rent payable, if any, for such Item pursuant to Section 2.1(b) of the Lease and for all Items, the aggregate of all such rents payable for all Items.

"Lease" shall mean the Equipment Lease dated as of August 15, 1974 among the Lessor, as lessor, and the Lessee, as lessee.

"Lessee" shall mean North American Car Corporation, a Delaware corporation, as lessee under the Lease.

"Lessor" shall mean First National Bank and Trust Company of Evanston, a national banking association, as lessor under the Lease.

"Present Value of Rents" for any Item of Equipment shall mean as of any date an amount equal to the aggregate Fixed Rent in respect of such Item reserved for the balance of the term originally provided for in the Lease and remaining unpaid as of the close of business on such date, discounted on the basis of a 6.5% per annum interest factor compounded semiannually to the respective dates on which the Fixed Rent is payable, with all such discounts to be computed on the basis of a 360-day year of twelve 30-day months.

"Security Agreement" shall mean the Security Agreement dated as of August 15, 1974 from the Lessor, as debtor, to the Security Trustee, as secured party.

"Security Trustee" shall mean First National Bank of Minneapolis, and shall also include its successors in trust and assigns.

## SECTION 2. REGISTRATION OF BONDS.

Section 2.1. Registration and Execution. The Bonds shall be registered as to principal and interest and the Bonds shall be signed on behalf of the Company by its President or any Vice President.

Section 2.2. Payment of the Bonds. (a) The principal of, premium, if any, and interest on the Bonds shall be payable at the principal office of the Security Trustee, in lawful money of the United States of America. Payment of principal and interest on the Bonds shall be made only upon presentation of such Bonds to the Security Trustee for notation thereon of the amount of such payment.

(b) Notwithstanding the foregoing provisions of paragraph (a) of this Section 2.2, if any Bond is registered in the name of one of the Lenders or a nominee thereof, or registered in the name of any subsequent holder named in a written notice from the Company to the Security Trustee and stating that the provisions of this paragraph shall apply, the Security Trustee shall make payment of interest on such Bonds and shall make payments or prepayments (except in the case of a payment or prepayment which will discharge all indebtedness of the Company evidenced by such Bond) of the principal thereof, and any premium, by check, duly mailed, by first-class mail, postage prepaid, or delivered to such holder at its address appearing on the Register as defined in Section 2.3 and such holder (or the person for whom such holder is a nominee) will, before selling, transferring or otherwise disposing of such Bond, present such Bond to the Security Trustee for transfer and notation as provided in Sections 2.4 and 2.5. All payments so made shall be valid and effectual to satisfy and discharge the liability upon such Bond to the extent of the sums so paid. The Security Trustee is authorized to act in accordance with the foregoing provisions and shall not be liable or responsible to any such holder or to the Company or to any other person for any act or omission on the part of the Company or such holder in connection therewith. The Company will indemnify and save the Security Trustee harmless against any loss, liability and expense resulting from any such act or omission and against any loss, liability and expense resulting from any action taken by the Security Trustee in accordance with the provisions hereof.

(c) So long as any Bond is registered in the name of any Lender or a nominee thereof, the Security Trustee will, upon written notice from such Lender or its nominee given not less than 20 days prior to the payment or prepayment of the Bonds, cause all subsequent payments and prepayments of the principal of, and interest and premium, if any, on the Bonds registered in the name of such Lender or its nominee to be made to any bank in the continental United States as shall be specified in such notice by wire transfer in immediately available Federal Reserve funds to such bank, on each such date such payment or prepayment is due, provided that such bank has facilities for the receipt of a wire transfer. The Security Trustee will transmit any such wire transfer from its offices not later than 10:00 A.M., Minneapolis time, on each such date payment or prepayment is due.

Section 2.3. The Register. The Company shall cause to be kept at the principal office of the Security Trustee a register for the registration and transfer of register Bonds (herein called the "Register"). The names and addresses of the holders of such Bonds, the transfers of such Bonds and the names and addresses of the transferees of all such Bonds shall be registered in the Register.

Section 2.4. Transfers and Exchanges of Bonds; Lost or Mutilated Bonds. (a) The holder of any Bond may transfer such Bond upon the surrender thereof at the principal office of the Security Trustee. Thereupon, the Company shall execute in the name of the transferee a new Bond or Bonds in aggregate principal amount equal to the original principal amount of the Bond so surrendered and deliver such new Bond or Bonds to such transferee.

(b) The holder of any Bond or Bonds may surrender such Bond or Bonds at the principal office of the Security Trustee, accompanied by a written request for a new Bond or Bonds of other authorized denominations, as specified in such request. Thereupon, the Company shall execute in the name of such holder a new Bond or Bonds in the denomination or denominations so requested and in aggregate principal amount equal to the aggregate original principal amount of the Bond or Bonds so surrendered and deliver such new Bond or Bonds to such holder.

(c) All Bonds presented or surrendered for exchange or transfer shall be accompanied (if so required by the Company or by the Security Trustee) by a written instrument or instruments of assignment or transfer, in form satisfactory to the Security Trustee, duly executed by the registered holder or by its attorney duly authorized in writing. The Company and the Security Trustee shall not be required to make a transfer or an exchange of any Bond for a period of ten days preceding any installment payment date with respect thereto.

(d) No notarial act shall be necessary for the transfer or exchange of any Bond pursuant to this Section 2.4, and the holder of any Bond issued as provided in this Section 2.4 shall be entitled to any and all rights and privileges granted under this Bond Mortgage and Security Agreement to a holder of a Bond.

(e) In case any Bond shall become mutilated or be destroyed, lost or stolen, the Company, upon the written request of the holder thereof, shall execute and deliver a new Bond in exchange and substitution for the mutilated Bond, or in lieu of and in substitution for the Bond so destroyed, lost or stolen. The applicant for a substituted Bond shall furnish to the Company and to the Security Trustee such security or indemnity as may be required by them to save each of them harmless from all risks, and the applicant shall also furnish to the Company and to the Security Trustee evidence to their satisfaction of the mutilation, destruction, loss or theft of the applicant's Bond and of the ownership thereof. In case any Bond which has matured or is about to mature shall become mutilated or be destroyed, lost or stolen, the Company may, instead of issuing a substituted Bond, pay or authorize the payment of the same (without surrender thereof except in the case of a mutilated Bond), if the applicant for such payment shall furnish to the Company and to the Security Trustee such security or indemnity as they may require to save them harmless, and shall evidence to the satisfaction of the Company and the Security Trustee the mutilation, destruction, loss or theft of such Bond and the ownership thereof. If any Lender or its nominee is the owner of any mutilated, destroyed, lost or stolen Bond, then the affidavit of its President, Vice President, Assistant Vice President or Treasurer in form reasonably satisfactory to the Company and the Security Trustee setting forth the fact of destruction, loss or theft and the Lender's ownership of the Bond at the time of such mutilation, destruction, loss or theft shall be accepted as satisfactory evidence thereof and no indemnity shall be required as a condition to execution and delivery of a new Bond other than the written agreement of the Lender, in form reasonably satisfactory to the Company and the Security Trustee, to indemnify the Company and the Security Trustee.

Section 2.5. The New Bonds. (a) Each new Bond (herein, in this Section 2.5, called a "New Bond") issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of an outstanding Bond (herein, in this Section 2.5, called an "Old Bond") shall be dated the date of such Old Bond. The Security Trustee shall mark on each New Bond (i) the date to which principal and interest have been paid on such Old Bond, (ii) all payments and prepayments of principal previously made on such Old Bond which are allocable to such New Bond, and (iii) the amount of each installment payment payable on such New Bond. Each installment payment payable on such New Bond on any date shall bear the same proportion to the installment payment payable on such Old Bond on such date as the original principal amount of such New Bond bears to the original principal amount of such Old Bond. Interest shall be deemed to have been paid on such New Bond to the date on which interest shall have been paid on such Old Bond, and all payments and prepayments of principal marked on such New Bond, as provided in clause (ii) above, shall be deemed to have been made thereon.

(b) Upon the issuance of a New Bond pursuant to Section 2.4(a), (b) or (e), the Company may require the payment of a sum to reimburse it for, or to provide it with funds for, the payment of any tax or other governmental charge or any other charges and expenses connected therewith which are paid or payable by the Company.

(c) All New Bonds issued pursuant to Section 2.4(a), (b) or (e) in exchange for or in substitution or in lieu of Old Bonds shall be valid obligations of the Company evidencing the same debt as the Old Bonds and shall be entitled to the benefits and security of this Bond Mortgage and Security Agreement to the same extent as the Old Bonds.

(d) Upon the issuance of any Bond pursuant to this Bond Mortgage and Security Agreement, the Company shall deliver to the Security Trustee two copies of an amortization schedule with respect to such Bond setting forth the amount of the installment payments to be made on such Bond after the date of issuance thereof and the unpaid principal balance of such Bond after each such installment payment. The Security Trustee shall deliver, or send by first-class mail, postage prepaid, one copy of the applicable schedule to the holder of such Bond at its address set forth in the Register.

Section 2.6. Cancellation of Bonds. All Bonds surrendered for the purpose of payment, redemption, transfer or exchange shall be delivered to the Security Trustee for cancellation or, if surrendered to the Security Trustee, shall be cancelled by it, and no Bonds shall be issued in lieu thereof except as expressly required or permitted by any of the provisions of this Bond Mortgage and Security Agreement. The Security Trustee shall deliver a certificate to the Company specifying any cancellation of Bonds which has been made, and all such cancelled Bonds shall be delivered to or disposed of as directed by the Company.

Section 2.7. Security Trustee as Agent. The Security Trustee is hereby appointed the agent of the Company for the payment, registration, transfer and exchange of Bonds. Subject to the provisions of Section 2.2, Bonds may be presented for payment at, and notices or demands with respect to the Bonds or this Bond Mortgage and Security Agreement may be served or made at, the principal office of the Security Trustee.

Section 2.8. Registered Owner. The person in whose name any Bond shall be registered shall be deemed and treated as the owner thereof for all purposes of this Bond Mortgage and Security Agreement and neither the Company nor the Security Trustee shall be affected by any notice to the contrary. Payment of or on account of the principal of, premium, if any, and interest on such Bond shall be made only to or upon the order in writing of such registered owner or owners listed in the Register. For the

purpose of any request, direction or consent hereunder, the Company and the Security Trustee may deem and treat the registered owner of any Bond or owner listed in the Register as the owner thereof without production of such Bond.

### SECTION 3. COVENANTS AND WARRANTIES OF THE COMPANY.

The Company covenants, warrants and agrees for the benefit of the Security Trustee and the holders of the Bonds as follows:

Section 3.1. Company's Duties. The Company covenants and agrees to observe and perform each and all of the covenants and agreements required to be observed or performed by the Company under the provisions of the Loan Agreements, and in each and every supplement thereto or amendment thereof which may at any time or from time to time be executed and delivered by the parties thereto or their successors and assigns, to the same extent as though each and all of said covenants and agreements were fully set out herein and as though any amendment or supplement to the Loan Agreements were fully set out in an amendment or supplement to this Bond Mortgage and Security Agreement.

Section 3.2. Warranty of Title. The Company has full right, power and authority to grant a security interest in the Collateral to the Security Trustee for the uses and purposes herein set forth. The Company will warrant and defend the title to the Equipment described in Schedule 1 against all claims and demands of persons claiming by, through or under the Company (excepting only the right, title and interest of the Lessee under the Lease).

Section 3.3. Further Assurances. The Company will, at its own expense, do, execute, acknowledge and deliver all further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being granted in respect of the Collateral, whether now owned or hereafter acquired.

Section 3.4. After-Acquired Property. Any and all property described or referred to in the granting clauses hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Company or the Security Trustee, become and be subject to the security interest herein granted as fully and completely as though specifically described herein, but nothing in this Section 3.4 contained shall be deemed to modify or change the obligation of the Company under Section 3.3 hereof.

Section 3.5. Recordation and Filing. The Company will cause this Bond Mortgage and Security Agreement and all supplements or amendments hereto, the Lease and all supplements or amendments thereto, and/or all financing and continuation statements and similar notices required by applicable law, at all times to be kept recorded and filed at its own expense in such manner and in such

places as may be required by law in order fully to preserve and protect the rights of the Security Trustee hereunder, and will at its own expense furnish to the Security Trustee promptly after the execution and delivery of this Bond Mortgage and Security Agreement and of each such supplement an opinion of counsel (which may be counsel for the Company) stating that in the opinion of such counsel, this Bond Mortgage and Security Agreement or such supplement or amendments, as the case may be, has been properly recorded or filed for record so as to make effective of record the security interest intended to be created hereby; provided, however, that the Company shall not be required to accomplish such filing in respect of any jurisdiction outside the United States in which any Item of Equipment is to be used if (a) in the opinion of counsel for the Company such filing cannot be legally accomplished in such jurisdiction; and (b) after giving effect to the failure to accomplish such filing, the Company has taken all action required by law to protect the right, title and interest of the Security Trustee in and to Items of Equipment having a value of not less than 90% of the Casualty Value (as defined in Section 11 of the Lease) for all Equipment then subject to the Lease; and (c) any Item of Equipment at any time located in such jurisdiction shall have been marked in accordance with Section 4.2 of the Lease.

SECTION 4. POSSESSION, USE AND RELEASE OF PROPERTY.

Section 4.1. Possession of the Equipment. So long as no Event of Default shall have occurred and be continuing, the Lessor shall be suffered and permitted to remain in full possession, enjoyment and control of the Equipment and to manage, operate and use the same and each part thereof with the rights and franchises appertaining thereto; provided always, that the possession, enjoyment, control and use of the Equipment shall at all times be subject to the observance and performance of the terms of this Bond Mortgage and Security Agreement.

Section 4.2. Release of Equipment -- Payment of Casualty Value by Lessee. So long as no Event of Default, referred to in Section 14 of the Lease, has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall execute a release in respect of any Item of Equipment which has suffered a Casualty Occurrence as defined in Section 11 of the Lease upon receipt by the Security Trustee of: (i) written notice from the Lessee designating the Item of Equipment in respect of which the Lease will terminate and (ii) the prepayment of the Bonds required by Section 5.1(c) hereof in respect of such Item of Equipment.

SECTION 5. APPLICATION OF ASSIGNED RENTALS AND CERTAIN OTHER MONEYS RECEIVED BY THE SECURITY TRUSTEE.

Section 5.1. Application of Moneys. Pursuant to the Security Agreement the Lessor has granted to the Security Trustee a security interest in rents and other sums due and to become due

under the Lease as security for the Bonds. So long as no Event of Default, as defined in Section 5.1 of the Security Agreement has occurred and is continuing to the knowledge of the Security Trustee;

(a) Interim Rent. The amount from time to time received by the Security Trustee pursuant to the Security Agreement which constitutes payment of Interim Rent under the Lease shall be applied first, to the payment of the installments of interest on Bonds, if any, which have matured or will mature on or before the due date of the Interim Rent which is received by the Security Trustee, and second, the balance, if any, of such amounts shall be paid to or upon the order of the Lessor on such due date.

(b) Fixed Rent. The amounts from time to time received by the Security Trustee pursuant to the Security Agreement which constitute payment of the installments of Fixed Rent under the Lease shall be promptly applied first, to the payment of the installments of principal and interest (and in each case first to interest and then to principal) on the Bonds which have matured or will mature on or before the due date of the installments of Fixed Rent which are received by the Security Trustee, and second, the balance, if any, of such amounts shall be promptly paid to or upon the order of the Lessor.

(c) Casualty Values. The amounts from time to time received by the Security Trustee pursuant to the Security Agreement which constitute payment by the Lessee of the "Casualty Value" of an Item of Equipment pursuant to Section 11.3 of the Lease shall be paid and applied in payment and satisfaction of the required prepayment provided for by Section 6.2 hereof including accrued and unpaid interest, so that after giving effect to such prepayment and the release of the Item of Equipment from the Lease and the lien and security interest of this Security Agreement and the Bond Mortgage and Security Agreement:

(i) the aggregate principal amount remaining unpaid on the Bonds does not exceed the Present Value of Rents in respect of all other Equipment which then remains subject to the Lease and the lien and security interest of this Security Agreement and the Bond Mortgage and Security Agreement; and

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

Any amounts in excess of the Present Value of Rents in respect of any Item of Equipment for which such payment or settlement is so made by the Lessee shall be released to or upon the order of the Lessor within thirty days after the receipt thereof by the Security Trustee but not before the date such payment is due.

Section 5.2. Default. If an Event of Default referred to in Section 7 hereof has occurred and is continuing to the knowledge of the Security Trustee, all amounts received by the Security Trustee pursuant to the Security Agreement shall be applied in the manner provided for in Section 5 of the Security Agreement in respect of proceeds of the Collateral.

#### SECTION 6. MANNER OF PREPAYMENT OF BONDS.

Section 6.1. Prepayments. No prepayment of any Bonds may be made except to the extent and in the manner expressly permitted by this Bond Mortgage and Security Agreement or the Security Agreement.

Section 6.2. Required Prepayments -- Casualty Occurrences. The Company covenants and agrees that if any Item of Equipment suffers a Casualty Occurrence (as defined in Section 11.3 of the Lease) and settlement therefor is required under the provisions of said Section 11.3, then on the date for such settlement provided for in said Section 11.3, the Company will make a principal prepayment on the Bonds in the manner provided for in Section 5.1(c) hereof.

Section 6.3. Notice of Prepayment; Partial Prepayment; Deposit of Moneys. (a) In the case of any prepayment of the Bonds, notice thereof in writing to the holders of the Bonds to be prepaid shall be sent by the Company by certified or registered mail, postage prepaid, to the Security Trustee and to the holder of each Bond to be prepaid at its address set forth in the Register, at least ten days prior to the date fixed for prepayment. Any notice so mailed shall be conclusively presumed to have been given to such holder whether or not such holder actually receives such notice. Such notice shall specify the date fixed for prepayment, the provision hereof under which such prepayment is being effected and that on the date fixed for prepayment there will become due and payable upon each Bond or portion thereof so to be prepaid, at the place where the principal of the Bonds to be prepaid is payable, the specified amount of principal thereof, together with the accrued interest to such date, with such premium, if any, as is payable thereon.

(b) In the event of any partial prepayment of the Bonds, the aggregate principal amount of the Bonds to be prepaid shall be prorated by the Security Trustee among the holders thereof in proportion to the unpaid principal amount of such Bonds held by them, and the Security Trustee shall designate the portions of the Bonds of each such holder to be prepaid.

(c) On or prior to the date fixed for any prepayment of Bonds, the moneys required for such prepayment shall be deposited with the Security Trustee by the Company. Interest on any Bond designated for prepayment or on any portion of the principal amount of any Bond designated for prepayment shall cease upon the date fixed for prepayment unless default shall be made in the payment of the amount payable upon the prepayment thereof.

Section 6.4. Amortization Schedules. On the date of the partial prepayment of the Bonds, the Company or the Lessee shall deliver to the Security Trustee two copies of \$1,000,000 amortization schedule with respect to the Bonds after the date of such partial prepayment. The Security Trustee shall deliver, or send by certified or registered mail, postage prepaid, one copy of the schedule to each holder of the Bonds at its address set forth in the Register.

## SECTION 7. DEFAULTS AND REMEDIES.

Section 7.1. Events of Default. Any of the following occurrences or acts shall constitute an Event of Default under this Bond Mortgage and Security Agreement:

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

(b) An Event of Default as set forth in Section 14 of the Lease or Section 5.1 of the Security Agreement or the termination of the Lease or the Security Agreement, respectively, by operation of law or otherwise; or

(c) Default on the part of the Company in the due observance or performance of any covenant or agreement to be observed or performed by it under this Bond Mortgage and Security Agreement or the Loan Agreements, and such default shall continue unremedied for 30 calendar days after written notice from the Security Trustee or the holder of any Bond to the Company specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made herein or in the Loan Agreements or in any report, certificate, financial or other statement furnished in connection with this Bond Mortgage and Security Agreement, the Lease or the Loan Agreements, or the transactions contemplated thereby, shall prove to be false or misleading in any material respect as of the date of the issuance or making thereof and shall not be made good within 30 days after notice thereof from the Security Trustee or the holder of any Bond to the Company; or

(e) Any claim, lien or charge (other than the Lease and liens, charges and encumbrances which the Lessee is obligated to discharge under Section 9 of the Lease) shall be asserted against or levied or imposed upon the Equipment, and such claim, lien or charge shall not be discharged or removed within 30 calendar days after written notice from the Security Trustee or the holder of any Bond to the Company demanding the discharge or removal thereof.

(f) The Company shall (i) make an assignment for the benefit of its creditors, (ii) admit in writing its inability to pay its debts generally as they become due, (iii) file a petition to take advantage of any applicable insolvency or reorganization statute, (iv) suspend payment of its obligations, (v) become insolvent, (vi) consent to the appointment of any receiver, conservator, liquidating agent or committee or governmental authority in any insolvency, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or relating to the Lessee or of or relating to all or any substantial part of its property, or (vii) take any corporate action for the purpose of effecting any of the foregoing; or

(g) An order, judgment or decree of a court or agency or supervisory authority having jurisdiction in the premises for the appointment of a conservator or receiver or liquidator in any insolvency, readjustment of debt, marshalling of assets or liabilities or similar proceedings of or relating to the Company or of or relating to all or any substantial part of its property, or the winding-up or liquidation of its affairs, shall have been entered without the consent of the Company, and such decree or order shall have remained in force undischarged or unstayed for a period of 60 days from the date of entry thereof; or

(h) The rights, privileges or franchises of any successor to the Company to do business as a bank, where appropriate, shall be declared forfeited by any governmental authority or any court of competent jurisdiction and not restored or the order, decree, or judgment related thereto effectively stayed by appropriate proceedings within 30 days thereafter.

Section 7.2 Security Trustee's Rights. The Company agrees that when any Event of Default has occurred, and is continuing, the Security Trustee shall, without limitation of all other rights and remedies available at law or in equity, have the rights, options, duties and remedies of a secured party, and the Company shall have the rights and duties of a debtor, under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Security Trustee may, and upon the written request of the holders of at least 25% in principal amount of the Bonds then outstanding shall, by notice in writing to the Company, declare the entire unpaid balance of the Bonds to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest thereon, shall be and become immediately due and payable;

(b) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee, personally or by agents or attorneys, shall have the right (subject to compliance with any applicable mandatory legal requirements) to terminate the Lease and all rights of possession of the Company thereunder and to take immediate possession of the Equipment, or any portion thereof, and for that purpose may pursue the same wherever it may be found, and may enter any of the premises of the Company with or without notice, demand, process of law or legal procedure, and search for, take possession of, remove, keep and store the same or use and operate or lease the same until sold and may otherwise exercise any and all of the rights and powers of the Company in respect thereof;

(c) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee, may, if at the time such action may be lawful and always subject to compliance with any mandatory legal requirements, either with or without taking possession and either before or after taking possession, and without instituting any legal proceedings whatsoever, and having first given notice of such sale by registered mail to the Company and the Lessor once at least ten days prior to the date of such sale, and

any other notice which may be required by law, sell and dispose of the Collateral, or any part thereof, at public auction to the highest bidder, in one lot as an entirety or in separate lots, and either for cash or on credit and on such terms as the Security Trustee may determine, and at any place (whether or not it be the location of the Collateral or any part thereof) designated in the notice above referred to. Any such sale or sales may be adjourned from time to time by announcement at the time and place appointed for such sale or sales, or for any such adjourned sale or sales, without further notice, and the Security Trustee or the holder or holders of any Bonds, or of any interest therein, may bid and become the purchaser at any such sale;

(d) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may proceed to protect and enforce this Bond Mortgage and Security Agreement and said Bonds by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted, or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof, or for the recovery of judgment against the Company for the Indebtedness Hereby Secured or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(e) Subject always to the then existing rights, if any, of the Lessee under the Lease, the Security Trustee may proceed to exercise all rights, privileges and remedies of the Lessor under the Lease, and may exercise all such rights and remedies either in the name of the Security Trustee or in the name of the Lessor for the use and benefit of the Security Trustee.

Section 7.3. Acceleration Clause. In the case of any sale of the Collateral, or of any part thereof, pursuant to any judgment or decree of any court or otherwise in connection with the enforcement of any of the terms of this Bond Mortgage and Security Agreement, the principal of the Bonds, if not previously due, and the interest accrued thereon and all other sums required to be paid by the Company pursuant to this Bond Mortgage and Security Agreement, shall at once become and be immediately due and payable; also in the case of any such sale, the purchaser or purchasers, for the purpose of making settlement for or payment of the purchase price, shall be entitled to turn in and use the Bond or Bonds and any claims for interest matured and unpaid thereon, in order that there may be credited as paid on the purchase price the sum apportionable and applicable to the Bonds including principal and interest thereof out of the net proceeds of such sale after allowing for the proportion of the total purchase price required to be paid in actual cash.

Section 7.4. Waiver by the Company. To the extent now or at any time hereafter enforceable under applicable law, the Company covenants that it will not at any time insist upon or plead, or in any manner whatsoever claim or take any benefit or advantage of, any stay or extension law now or at any time hereinafter in force, nor claim, take nor insist upon any benefit or advantage of or from any law now or hereafter in force providing for the valuation or appraisal of the Collateral or any part thereof, prior to any sale or sales thereof to be made pursuant to any provision herein contained, or to the decree, judgment or order of any court of competent jurisdiction; nor, after such sale or sales, claim or exercise any right under any statute now or hereafter made or enacted by any state or otherwise to redeem the property so sold or any part thereof, and hereby expressly waives for itself and on behalf of each and every person, except decree or judgment creditors of the Company acquiring any interest in or title to the Collateral or any part thereof subsequent to the date of this Bond Mortgage and Security Agreement, all benefit and advantage of any such law or laws, and the Company covenants that it will not invoke or utilize any such law or laws or otherwise hinder, delay or impede the execution of any power herein granted and delegated to the Security Trustee, but will suffer and permit the execution of every such power as though no such law or laws had been made or enacted.

Section 7.5. Effect of Sale. Any sale, whether under any power of sale hereby given or by virtue of judicial proceedings, shall operate to divest all right, title, interest, claim and demand whatsoever, either at law or in equity, of the Company in and to the property sold and shall be a perpetual bar, both at law and in equity, against the Company and its successors and assigns, and against any and all persons claiming the property sold or any part thereof under, by or through the Company and its successors or assigns.

Section 7.6. Application of Sale Proceeds. The purchase money proceeds and/or avails of any sale of the Collateral, or any part thereof, and the proceeds and the avails of any remedy hereunder shall be paid to and applied as follows:

(a) To the payment of costs and expenses of foreclosure or suit, if any, and of such sale, and of all proper expenses, liability and advances, including legal expenses and attorneys' fees, incurred or made hereunder by the Security Trustee, or the holder or holders of the Bonds, and of all taxes, assessments or liens superior to the lien of these presents, except any taxes, assessments or other superior lien subject to which said sale may have been made;

(b) To the payment to the holder or holders of the Bonds of the amount then owing or unpaid on the Bonds for principal and interest, and in case such proceeds shall be insufficient to pay in full the whole amount so due, owing or unpaid upon the Bonds, then ratably according to the aggregate of such principal and the accrued and unpaid interest without preference or priority as between principal, interest or premium; such application to be made upon presentation of the several Bonds, and the notation thereon of the payment, if partially paid, or the surrender and cancellation thereof, if fully paid; and

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

Section 7.7. Discontinuance of Remedies. In case the Security Trustee shall have proceeded to enforce any right under this Bond Mortgage and Security Agreement by foreclosure, sale, entry or otherwise, and such proceedings shall have been discontinued or abandoned for any reason or shall have been determined adversely, then and in every such case the Company, the Security Trustee and the holders of the Bonds shall be restored to their former positions and rights hereunder with respect to the property subject to the security interest created under this Bond Mortgage and Security Agreement.

Section 7.8. Cumulative Remedies. No delay or omission of the Security Trustee or of the holder of any Bond to exercise any right or power arising from any default, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Security Trustee or the holder of any Bond of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom except as may be otherwise provided therein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing; nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the Indebtedness Hereby Secured operate to prejudice, waive or affect the security of this Bond Mortgage and Security Agreement or any rights, powers or remedies hereunder, nor shall the Security Trustee or holder of any of the Bonds be required to first look to, enforce or exhaust such other or additional security, collateral or guaranties.

Section 7.9. Waivers, Consents and Amendments to Bond Mortgage and Security Agreement and Bonds. Compliance with any term, covenant, agreement or condition of this Bond Mortgage and Security Agreement may be waived (either generally or in a particular instance and either retroactively or prospectively), if the Security Trustee shall have obtained the consent in writing of the holders of not less than 66-2/3% in aggregate principal amount of outstanding Bonds; provided, however, that without the written consent of the holders of all of the Bonds then outstanding no such waiver, modification, alteration or amendment shall be effective against the holder of any Bond without his consent to change the obligation of the Company in respect of the amount or time of payment of the principal or interest on any Bond then outstanding as set forth therein, or to reduce the percentage in principal amount of the Bonds required to approve any such amendment, or to subordinate the Bonds or the lien and security interest created by this Bond Mortgage and Security Agreement in favor of other creditors of the Company, and no such waiver shall be effective against the Security Trustee without its consent to modify its rights and duties hereunder. This Bond Mortgage and Security Agreement and the Bonds may also be amended from time to time by agreements expressly amending the same, which agreements, when duly executed by the Company may be executed by the Security Trustee:

(a) To the extent permitted hereby and not inconsistent herewith, to subject other property to the lien and security interest hereof, to add further covenants and conditions to be observed by the Company for the further security of the holders of the Bonds, to conform to the requirements of the Trust Indenture Act of 1939 and regulations thereunder as the same may from time to time be amended, or to cure any ambiguity or to correct any defective or inconsistent provisions herein or in any such amendment contained, but in each case only after 15 days prior written notice has been sent to the holders of all of the Bonds; and

(b) Upon receipt of the written consent of the holders of not less than 66-2/3% in aggregate principal amount of the Bonds then outstanding, to make any other changes in the provisions of this Bond Mortgage and Security Agreement and/or the Bonds, but no such amendment shall be effective against the holder of any Bond without his consent to change the obligation of the Company in respect of the amount or time of payment of the principal or interest on any Bond then outstanding as set forth therein, or to reduce the percentage in principal amount of the Bonds required to approve any such amendment, or to subordinate the Bonds or the lien and security interest hereof in favor of other creditors of the Company, and no such amendment shall be effective against the Security Trustee without its consent to modify its rights and duties hereunder.

SECTION 8. THE SECURITY TRUSTEE.

Section 8.1. Certain Duties and Responsibilities of Security Trustee. (a) Except during the continuance of an Event of Default to the knowledge of the Security Trustee:

(1) the Security Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Bond Mortgage and Security Agreement, and no implied covenants or obligations shall be read into this Bond Mortgage and Security Agreement against the Security Trustee; and

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

(b) In case an Event of Default has occurred and is continuing to the knowledge of the Security Trustee, the Security Trustee shall exercise such of the rights and powers vested in it by this Bond Mortgage and Security Agreement, and use the same degree of care and skill in its exercise as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Bond Mortgage and Security Agreement shall be construed to relieve the Security Trustee from liability for its own negligent action, its own negligent failure to act, or its own wilful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Security Trustee shall not be liable for any error of judgment made in good faith by an officer of the Security Trustee unless it shall be proved that the Security Trustee was negligent in ascertaining the pertinent facts; and

(3) the Security 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 principal amount of the Bonds outstanding.

(d) No provision of this Bond Mortgage and Security Agreement shall require the Security Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(e) Whether or not therein expressly so provided, every provision of this Bond Mortgage and Security Agreement relating to the conduct or affecting the liability of or affording protection to the Security Trustee shall be subject to the provisions of this Section.

Section 8.2. Compensation of Security Trustee. The Security Trustee shall be entitled to reasonable compensation (which shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust) for all services rendered, and to reimbursement for all reasonable expenses, disbursements and advances incurred or made by it, in and about the administration of the trusts herein provided for and in and about foreclosure, enforcement or other protection of this Bond Mortgage and Security Agreement or the lien and security interest hereof (including reasonable compensation and expenses and disbursements of its counsel and of all persons not regularly in its employ). The Company agrees to pay such compensation for services of the Security Trustee and to reimburse it for such expenses, disbursements and advances. The Company agrees to indemnify and save harmless the Security Trustee from and against all loss, liability and expense incurred in good faith and without negligence on its part in the exercise or performance of any rights, remedies or duties under this Bond Mortgage and Security Agreement. Without limiting the foregoing the Security Trustee shall have a lien for such compensation, reimbursement and indemnity on the Collateral prior to the lien and security interest for the benefit of the Bonds.

Section 8.3. Certain Rights of the Security Trustee.

(a) The Security Trustee shall not be responsible for any recitals herein or in the Loan Agreements or the Lease or for insuring or inspecting the Equipment or for paying or discharging any tax, assessment, governmental charge or lien affecting the Collateral or for the recording, filing or refileing of this Bond Mortgage and Security Agreement, or of any supplement or further security agreement or trust deed, nor shall the Security Trustee be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements contained herein or in the Loan Agreements or the Lease, and except in the case of a default in the payment of the principal of, or premium, if any, or interest on any Bond or a default of which the Security Trustee has actual knowledge, the Security Trustee shall be deemed to have knowledge of any default in the performance or observance of any such covenants, conditions

or agreements only upon receipt of written notice thereof from one of the holders of the Bonds; provided, however, that upon receipt by the Security Trustee of such written notice from a holder of a Bond, the Security Trustee shall promptly notify all other holders of Bonds of such notice and the default referred to therein, by prepaid registered or certified mail addressed to them at their addresses set forth in the Register.

(b) The Security Trustee makes no representation or warranty as to the validity, sufficiency or enforceability of this Bond Mortgage and Security Agreement, the Bonds, the Loan Agreements, the Lease or any instrument included in the Collateral, or as to the value, title, condition, fitness for use of, or otherwise with respect to the Collateral. The Security Trustee shall not be accountable to anyone for the use of application of any of the Bonds or the proceeds thereof or for the use or application of any property or the proceeds thereof which shall be released from the security interest herein in accordance with the provisions of this Bond Mortgage and Security Agreement.

(c) The Security Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties.

(d) Any request, direction or authorization by the Company shall be sufficiently evidenced by a request, direction or authorization in writing, delivered to the Security Trustee, and signed by its Chairman of the Board, President, any Vice President, Treasurer or Secretary; and any resolution of the Board of Directors of the Company shall be sufficiently evidenced by a copy of such resolution certified by its Secretary or an Assistant Secretary to have been duly adopted and to be in full force and effect on the date of such certification, and delivered to the Security Trustee.

(e) Whenever in the administration of the trust herein provided for the Security Trustee shall deem it necessary or desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, such matter (unless other evidence in respect thereof be herein specifically prescribed) may be deemed to be conclusively proved and established by a certificate purporting to be signed by the Chairman of the Board, President, any Vice President, Treasurer or Secretary of the Company and delivered to the Security Trustee, and such certificate shall be full warrant to the Security Trustee or any other person for any action taken, suffered or omitted on the faith thereof, but in its discretion the Security Trustee may accept, in lieu thereof, other evidence of such fact or matter or may require such further or additional evidence as it may deem reasonable.

(f) The Security Trustee may consult with counsel, appraisers, engineers, accountants and other skilled persons to be selected by the Security Trustee, and the written advice of any thereof shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by them hereunder in good faith and in reliance thereon.

(g) The Security Trustee shall be under no obligation to take any action to protect, preserve or enforce any rights or interests in the Collateral or to take any action towards the execution or enforcement of the trusts hereunder or otherwise hereunder, whether on its own motion or on the request of any other person, which in the opinion of the Security Trustee may involve loss, liability or expense, unless the Company or one or more holders of the Bonds outstanding shall offer and furnish reasonable security or indemnity against loss, liability and expense to the Security Trustee.

(h) The Security Trustee shall not be liable for any action taken or omitted 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 Bond Mortgage and Security Agreement.

(i) The Security Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, unless requested in writing to do so by the holders of not less than a majority in principal amount of the Bonds then outstanding.

(j) The provisions of paragraphs (c) to (i), inclusive, of this Section 8.3 shall be subject to the provisions of Section 8.1 hereof.

Section 8.4. Showings Deemed Necessary by Security Trustee. Notwithstanding anything elsewhere in this Bond Mortgage and Security Agreement contained, the Security Trustee shall have the right, but shall not be required, to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to this Bond Mortgage and Security Agreement, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Security Trustee deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

Section 8.5. Status of Moneys Received. All moneys received by the Security Trustee shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Security Trustee under such general conditions as may be prescribed by law in the Security Trustee's general banking department, and the Security Trustee shall be under no liability for interest on any moneys received by it hereunder. The Security Trustee and any affiliated corporation may become the owner of any Bond secured hereby and be interested in any financial transaction with the Company or any affiliated corporation, or the Security Trustee may act as depositary or otherwise in respect to other securities of the Company or any affiliated corporation, all with the same rights which it would have if not the Security Trustee.

Section 8.6. Resignation of Security Trustee. The Security Trustee may resign and be discharged from the trusts created hereby by delivering notice thereof, by certified or registered mail, postage prepaid, to the Company, the Lessor and all holders of the Bonds at the time outstanding, specifying a date (not earlier than 60 days after the date of such notice) when such resignation shall take effect.

Such resignation shall take effect on the day specified in such notice, unless previously a successor Security Trustee shall have been appointed as provided in Section 8.9, in which event such resignation shall take effect immediately upon the appointment of such successor Security Trustee.

Section 8.7. Removal of Security Trustee. The Security Trustee may be removed at any time, for or without cause, by an instrument or instruments in writing executed by the holders of a majority in aggregate principal amount of the Bonds at the time outstanding and delivered to the Security Trustee with a copy to the Company and the Lessor, specifying the removal and the date when it shall take effect.

Section 8.8. Appointment of Successor Security Trustee. In case at any time the Security Trustee shall resign or be removed or become incapable of acting, a successor Security Trustee may be appointed by the holders of a majority in aggregate principal amount of the Bonds at the time outstanding, by an instrument or instruments in writing executed by such Bondholders and filed with such successor Security Trustee.

Until a successor Security Trustee shall be so appointed by the Bondholders, the Company shall appoint a successor Security Trustee to fill such vacancy, by an instrument in writing executed by the President, or any Vice President of the Company and delivered to the successor Security Trustee. If all or substantially all of the Collateral shall be in the possession of one or more receivers, trustees, liquidators or assignees for the benefit of creditors, then such receivers, trustees, custodians, liquidators or assignees may, by an instrument in writing delivered to the successor Security Trustee, appoint a successor Security Trustee. Promptly after any such appointment, the Company, or any such receivers, trustees, custodians, liquidators or assignees, as the case may be, shall give notice thereof by certified or registered mail, postage prepaid, to each holder of the Bonds at the time outstanding.

Any successor Security Trustee so appointed by the Company, or such receivers, trustees, custodians, liquidators or assignees shall immediately and without further act be superseded by a successor Security Trustee appointed by the holders of a majority in aggregate principal amount of the Bonds then outstanding.

If a successor Security Trustee shall not be appointed pursuant to this Section within six months after a vacancy shall have occurred in the office of the Security Trustee, the holder of any Bond or such retiring Security Trustee (unless the retiring Security Trustee is being removed) may apply to any court of competent jurisdiction to appoint a successor Security Trustee, and such court may thereupon, after such notice, if any, as it may consider proper, appoint a successor Security Trustee.

Section 8.9. Succession of Successor Security Trustee.  
Any successor Security Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and the predecessor Security Trustee an instrument accepting such appointment, and thereupon such successor Security Trustee, without any further act, deed, conveyance or transfer, shall become vested with the title to the Collateral, and with all the rights, powers, trusts, duties and obligations of the predecessor Security Trustee in the trust hereunder, with like effect as if originally named as Security Trustee herein.

Upon the request of any such successor Security Trustee, however, the Company and the predecessor Security Trustee shall execute and deliver such instruments of conveyance and further assurance and do such other things as may reasonably be required for more fully and certainly vesting and confirming in such successor Security Trustee the title to the Collateral and all such rights, powers, trusts, duties and obligations of the predecessor Security Trustee hereunder, and the predecessor Security Trustee shall also assign and deliver to the successor Security Trustee any property subject to this Bond Mortgage and Security Agreement which may then be in its possession.

Any Security Trustee which has resigned or been removed shall nevertheless retain any security interest in the Collateral afforded to it by Section 8.2 hereof.

Section 8.10. Eligibility of Security Trustee. The Security Trustee shall be a state or national bank or trust company in good standing, organized under the laws of the United States of America or of the State of Minnesota and having its principal office in the City of Minneapolis, having a capital, surplus and undivided profits aggregating at least \$25,000,000, if there be such a bank or trust company willing and able to accept such trust upon reasonable and customary terms.

In case the Security Trustee shall cease to be eligible in accordance with the provisions of this Section, the Security Trustee shall resign immediately in the manner and with the effect specified in Section 8.7 hereof.

Section 8.11. Successor Security Trustee by Merger. Any corporation into which the Security Trustee may be merged or with which it may be consolidated, or any corporation resulting from any merger or consolidation to which the Security Trustee shall be a party, or any state or national bank or trust company in any manner succeeding to the corporate trust business of the Security Trustee as a whole or substantially as a whole, if eligible as provided in Section 8.10, shall be the successor of the Security Trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything to the contrary contained herein notwithstanding.

Section 8.12. Appointment of Co-Security Trustee or Separate Security Trustees. If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which the Equipment or any thereof is located, or the Security Trustee shall be advised by counsel, satisfactory to it, that it is so necessary or prudent in the interest of the holders of the Bonds, the Security Trustee and the Company shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Security Trustee, either to act as co-security trustee or co-security trustees, jointly with the Security Trustee, or to act as separate security trustee or security trustees hereunder. In the event the Company shall have not joined in the execution of such instruments and agreements within ten days after the receipt of a written request from the Security Trustee so to do, or in case an Event of Default shall happen and be continuing, the Security Trustee may act under the foregoing provisions of this Section 8.12 without the concurrence of the Company; and the Company hereby appoints the Security Trustee its agent and attorney to act for it under the foregoing provisions of this Section 8.12 in either of such contingencies.

Every additional security trustee hereunder shall, to the extent permitted by law, be appointed and act and be such and the Security Trustee and its successors shall act and be such, subject to the following provisions and conditions, namely:

(1) the Bonds shall be executed and delivered, and all powers, duties, obligations and rights conferred upon the Security Trustee in respect of the custody, control and management of moneys, papers or securities shall be exercised, solely by First National Bank of Minneapolis or its successors as Security Trustee hereunder.

(2) all rights, powers, duties and obligations conferred or imposed upon the Security Trustee shall be conferred or imposed upon and exercised or performed by First National Bank of Minneapolis or its successor as Security Trustee and such additional security trustee or security trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Security Trustee shall be incompetent or unqualified to perform such act or acts, in which event such rights, powers, duties and obligations shall be exercised and performed by such additional security trustee or security trustees;

(3) no power given to, or which it is provided hereby may be exercised by, any such additional security trustee or security trustees, shall be exercised by such additional security trustee or security trustees except jointly with, or with the consent in writing of, First National Bank of Minneapolis or its successor as Security Trustee, anything herein contained to the contrary notwithstanding;

(4) no security trustee hereunder shall be personally liable by reason of any act or omission of any other security trustee hereunder; and

(5) the Company and the Security Trustee, at any time, by an instrument in writing, executed by them jointly, may remove any such additional security trustee, and in that case, by an instrument in writing executed by them jointly, may appoint a successor or successors to such additional security trustee or security trustees, as the case may be, anything herein contained to the contrary notwithstanding. In the event that the Company shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Security Trustee so to do, the Security Trustee shall have the power to remove any such additional security trustee and to appoint a successor additional security trustee without the concurrence of the Company; the Company hereby appointing the Security Trustee its agent and attorney to act for it in such connection in such contingency. In the event that the Security Trustee alone shall have appointed an additional security trustee or security trustees as above provided, it may at any time, by an instrument in writing, remove any such additional security trustee, the successor to any such additional security trustee so removed to be appointed by the Company and the Security Trustee, or by the Security Trustee alone, as hereinbefore in this Section 8.12 provided.

SECTION 9. LIMITATIONS OF LIABILITY OF THE COMPANY.

It is expressly understood and agreed that anything in this Bond Mortgage and Security Agreement, the Security Agreement, the Loan Agreements, the Bonds, the Lease, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Security Trustee nor the holder of any Bond nor their respective successors or assigns shall have any claim, remedy or right to proceed (in law or equity) against the Company in its individual corporate capacity (except in the case of the gross negligence or wilful misconduct of the Company) for any deficiency or any other sum owing on account of the indebtedness evidenced by the Bonds or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever from any source other than the Equipment and the Lease and the Security Trustee by the execution hereof, and the Lenders by their execution of the Loan Agreements, and the holders of the Bonds by acceptance thereof waive and release any liability of the Company in its individual corporate capacity (except in the case of the gross negligence or wilful misconduct of the Company), for and on account of such indebtedness or such liability; and the Security Trustee and the holders of the Bonds agree to look solely to the Equipment and to the Lease for the payment of said indebtedness or the satisfaction of such liability.

SECTION 10. MISCELLANEOUS.

Section 10.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Bond Mortgage and Security Agreement contained by or on behalf of the Company or by or on behalf of the Security Trustee shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

Section 10.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of the Bond Mortgage and Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 10.2 shall be construed to amend or modify the immunities of the Company in its individual corporate capacity provided for in Section 9 hereof, or to amend or modify any limitations or restrictions of the Security Trustee or the holder of any Bond or its successors or assigns under said Section 9.

Section 10.3. Communications. All communications provided for herein shall be in writing. Communications to the Company or the Security Trustee shall be deemed to have been given (unless

otherwise required by the specific provisions hereof in respect of any matter) when addressed and delivered as follows:

If to the Company: North American Car (Canada) Limited  
c/o North American Car Corporation  
222 South Riverside Plaza  
Chicago, Illinois 60606  
Attention: Vice President-Finance

If to the Security Trustee: First National Bank of Minneapolis  
120 South Sixth Street  
Minneapolis, Minnesota 55480

or to the Company or the Security Trustee at such other address as of the Company or the Security Trustee may designate by notice duly given in accordance with this Section to the other party. Communications to the holder of a Bond shall be deemed to have been given (unless otherwise provided for by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered or certified, postage prepaid, addressed to such holder at its address set forth in the Register.

Section 10.4. Release. The Security Trustee shall release this Bond Mortgage and Security Agreement and the security interest granted hereby by proper instrument or instruments upon presentation of satisfactory evidence that all Indebtedness Hereby Secured has been fully paid or discharged.

Section 10.5. Counterparts. This Bond Mortgage and Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Bond Mortgage and Security Agreement.

Section 10.6. Illinois Law Governs. The provisions of this Bond Mortgage and Security Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Illinois. The Company, being a body corporate, hereby agrees that The Limitation of Civil Rights Act of the Province of Saskatchewan, and amendments thereto, shall have no application to this Bond Mortgage and Security Agreement or any extensions or renewals thereof, or to any agreement collateral hereto, or to the rights, powers or remedies of the Security Trustee or any other person under this Bond Mortgage and Security Agreement, or any extension or renewal hereof, or any agreement collateral hereto, and hereby waives and releases all its rights, benefits and protection given it by Sections 22A, 22B, 22C and 22D of the Bills of Sale Act of the Province of British Columbia, and amendments thereto.

Section 10.7. Headings. Any headings or captions preceding the text of the several sections hereof are intended solely for convenience of reference and shall not constitute a part of this Bond Mortgage and Security Agreement nor shall they affect its meaning, construction or effect.

Section 10.8. Effective Date. This Bond Mortgage and Security Agreement (Trust Deed) is dated as of the date designated in the initial paragraph hereof for convenience of identification and has been executed by the Company and the Security Trustee on the dates shown in the acknowledgments attached hereto, but is delivered by the Company to the Security Trustee and becomes effective on the last date of execution of the acknowledgments attached hereto.

IN WITNESS WHEREOF, the Company has caused this Bond Mortgage and Security Agreement to be executed and Security Trustee in evidence of its acceptance of the trusts hereby created, has caused this Bond Mortgage and Security Agreement to be executed on its behalf by one of its Vice Pres. and its corporate seal to be hereunto affixed, and said seal and this Bond Mortgage and Security Agreement to be attested by its Secretary all as of the day and year first above written.

NORTH AMERICAN CAR (CANADA) LIMITED

By

Its VICE PRESIDENT

(SEAL)

Attest:

Its

Secretary

FIRST NATIONAL BANK OF MINNEAPOLIS

By

VICE PRESIDENT

(SEAL)

Attest:

Its

Assistant Vice President

AS SECURITY TRUSTEE

STATE OF Illinois )  
COUNTY OF Cook ) SS

On this 15th day of August, 1974, before me personally appeared M. A. Smith, to me personally known, who being by me duly sworn, says that he is the Vice President of North American Car (Canada) Limited, 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.

Erna E. Allred  
Notary Public

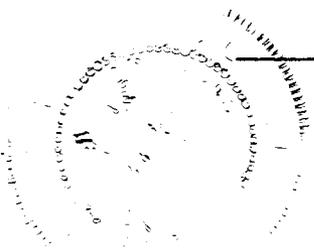


(SEAL)  
My Commission Expires September 14, 1977

STATE OF MINNESOTA )  
COUNTY OF HENNEPIN ) SS

On this 16th day of August, 1974, before me personally appeared E. D. SCHLESMAN, to me personally known, who being by me duly sworn, says that he is the VICE PRESIDENT of First National Bank of Minneapolis, 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.

Robert L. Spies  
Notary Public



(SEAL)

ROBERT L. SPIES  
Notary Public, Hennepin County, Minn.  
My Commission Expires Sept. 22, 1978

My Commission Expires:

UNITED STATES OF  
AMERICA  
STATE OF ILLINOIS  
COUNTY OF COOK

IN THE MATTER OF The Corporation Securities  
Registration Act (Ontario);

IN THE MATTER OF The Corporation Securities  
Registration Act (Saskatchewan);

IN THE MATTER OF The Corporations Securities  
Registration Act (Nova Scotia);

IN THE MATTER OF The Corporation Securities  
Registration Act (New Brunswick);

TO WIT:

AND IN THE MATTER OF registration under  
said Acts of an Indenture dated as of the  
Fifteenth day of August, 1974 and made  
among North American Car (Canada) Limited  
and First National Bank of Minneapolis,  
as Security Trustee, for the purpose  
of securing Secured Bonds of North American  
Car (Canada) Limited.

AFFIDAVIT

I, G. G. Lynch, of the City of Chicago,  
County of Cook, State of Illinois, U.S.A., MAKE OATH AND SAY THAT:

1. I am officer holding the office of Vice President of  
North American Car (Canada) Limited, the mortgagor or assignor named  
in the annexed instrument containing a mortgage, charge or  
assignment made by the said North American Car (Canada) Limited to  
First National Bank of Minneapolis and I am aware of the circumstances  
connected with the transaction and have a personal knowledge of the  
facts herein deposed to.

2. The said instrument is dated as of the Fifteenth day of  
August, 1974, but was actually executed by North American Car (Canada)  
Limited at the City of Chicago, County of Cook, State of Illinois,  
U.S.A., on the 15th day of August, 1974.

[Signature]

SWORN before me at the  
City of Chicago, County  
of Cook, State of Illinois,  
U.S.A., this 15th day of  
August, 1974.

[Signature]  
Notary Public

A Notary Public in and for the  
County of Cook, State of Illinois.

My Commission Expires:

UNITED STATES OF  
AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN

IN THE MATTER OF The Corporation Securities  
Registration Act (Ontario);

IN THE MATTER OF The Corporation Securities  
Registration Act (Saskatchewan);

IN THE MATTER OF The Corporations Securities  
Registration Act (Nova Scotia);

IN THE MATTER OF The Corporation Securities  
Registration Act (New Brunswick);

TO WIT:

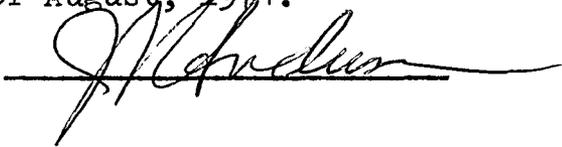
AND IN THE MATTER of registration under  
the said Acts of an Indenture dated as  
of the Fifteenth day of August, 1974  
and made among North American Car (Canada)  
Limited and First National Bank of  
Minneapolis, as Security Trustee, for  
the purpose of securing Secured Bonds of  
North American Car (Canada) Limited.

AFFIDAVIT

I, J. L. ANDERSON, of the City of Minneapolis,  
County of Hennepin, State of Minnesota, U.S.A., MAKE OATH AND SAY THAT:

1. I am an officer holding the office of Trust Officer  
of First National Bank of Minneapolis, the mortgagee, trustee or  
grantee named in the annexed instrument containing a mortgage, charge  
or assignment made by the said North American Car (Canada) Limited  
to First National Bank of Minneapolis, and am aware of the circumstances  
connected with the transaction and have a personal knowledge of the  
facts herein deposed to.

2. The said instrument was executed by P. D. SCHLIESMAN VICE PRESIDENT  
~~FIRST NATIONAL BANK OF MINNEAPOLIS~~ at the City of Minneapolis, County of Hennepin,  
State of Minnesota on the 16th day of August, 1974.



SWORN before me at the City  
of Minneapolis, County of  
Hennepin, State of Minnesota,  
U.S.A., this 16th day of August, 1974.



Notary Public

A Notary Public in and for the  
County of Hennepin, State of  
Minnesota.

ROBERT L. SPIES  
Notary Public, Hennepin County, Minn.  
My Commission Expires Sept. 22, 1978

My Commission Expires:

UNITED STATES OF  
AMERICA  
STATE OF MINNESOTA  
COUNTY OF HENNEPIN

IN THE MATTER OF The Corporation Securities  
Registration Act (Ontario);

IN THE MATTER OF The Corporation Securities  
Registration Act (Saskatchewan);

IN THE MATTER OF The Corporation Securities  
Registration Act (Nova Scotia);

IN THE MATTER OF The Corporation Securities  
Registration Act (New Brunswick);

TO WIT:

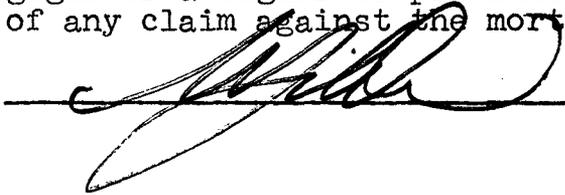
AND IN THE MATTER OF registration under  
the said Acts of an Indenture dated as  
of the Fifteenth day of August, 1974  
and made among North American Car (Canada)  
Limited and First National Bank of  
Minneapolis, as Security Trustee, for the  
purpose of securing Secured Bonds of North  
American Car (Canada) Limited.

AFFIDAVIT OF BONA FIDES

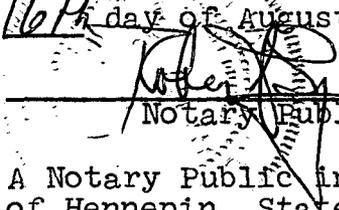
I, C.M. Tilden, of the City of Minneapolis,  
County of Hennepin, State of Minnesota, U.S.A., MAKE OATH AND SAY:

1. That I am an officer of First National Bank of Minneapolis,  
the mortgagee, trustee or grantee named in the annexed instrument  
containing a mortgage, charge or assignment made by North American  
Car (Canada) Limited to First National Bank of Minneapolis, and I am  
aware of the circumstances connected with the transaction and  
have a personal knowledge of the facts deposed to herein.

2. That the said instrument containing the mortgage, charge  
or assignment was executed in good faith and for the purpose of  
securing payment of the bonds referred to therein and not for the mere  
purpose of protecting the chattels and book debts therein mentioned  
against the creditors of the mortgagor or assignor or preventing such  
creditors from obtaining payment of any claim against the mortgagor  
or assignor.



SWORN before me at the City of  
Minneapolis, County of Hennepin,  
State of Minnesota, U.S.A., this  
16th day of August, 1974.

  
Notary Public

A Notary Public in and for the County  
of Hennepin, State of Minnesota.

My Commission Expires:

ROBERT L. SPIES  
Notary Public, Hennepin County, Minn.  
My Commission Expires Sept. 22, 1978

STATEMENT OF PARTICULARS

The following particulars are supplied pursuant to Section 375 and 376 of The Companies Act (Manitoba) respecting a Bond Mortgage and Security Agreement (Trust Deed) ("Trust Deed") made and executed by NORTH AMERICAN CAR (CANADA) LIMITED in favour of FIRST NATIONAL BANK OF MINNEAPOLIS (as Security Trustee) as of the Fifteenth day of August A.D. 1974;

(a) The total amount secured by the said Trust Deed is \$2,400,000.00 together with interest and other money as set out in the Trust Deed.

(b) The dates of the By-Laws or resolutions authorizing the creation of the Trust Deed, the execution thereof and the issuance of Bonds thereunder by which or pursuant to which the relevant security is created are as follows:

(1) The borrowing By-Law of the Company was enacted on the            day of            A.D. 1974.

(2) The special resolution of the Shareholders of the Company sanctioning the said borrowing By-Law was duly passed at a special general meeting called for that purpose on the            day of            A.D. 1974.

(3) The resolution of the Board of Directors authorizing the creation, execution of the Trust Deed and the issuance of Bonds thereunder was passed on the            day of            A.D. 1974.

(4) The date of the Trust Deed by or pursuant to which the security is created is formally the Fifteenth day of August A.D. 1974 but it was actually executed on the            day of            A.D. 1974.

(c) The general description of the property charged or to be charged is set out in the Trust Deed and in particular consists of a fixed charge on certain chattels more particularly set out in schedule 1 thereto.

(d) The full name of the trustee is First National Bank of Minneapolis.

IN WITNESS WHEREOF, NORTH AMERICAN CAR (CANADA) LIMITED has caused its corporate seal to be affixed as attested by the hands of its proper officers in that behalf, at the City of Chicago, County of Cook, State of Illinois, U.S.A., on this \_\_\_ day of A.D. 1974.

NORTH AMERICAN CAR (CANADA) LIMITED

By:

President

c/s

By:

DESCRIPTION OF EQUIPMENT

Two hundred (200) Class FB 70-ton Flatcars manufactured by Hawker Siddeley Canada Limited and bearing Road Numbers NAHX 52850 to 53049, both inclusive.

SCHEDULE 1  
to Bond Mortgage and Security Agreement (Trust Deed)