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INTERSTATE COMMERCE COMMISSION

ELECTRO-MOTIVE LEASING CORPORATION

GENERAL MOTORS CORPORATION

AND

UNITED STATES TRUST COMPANY
OF NEW YORK,

TRUSTEE

Equipment Note Agreement

Dated October 8, *1973*

$7,450,000 Equipment Notes

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THIS EQUIPMENT NOTE AGREEMENT, dated October 8, 1973, among ELECTRO-MOTIVE LEASING CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware, with an office at Room 2600, 767 Fifth Avenue, New York, New York 10022 (the Company), GENERAL MOTORS CORPORATION, a corporation duly organized and existing under the laws of the State of Delaware, with an office at 3044 West Grand Boulevard, Detroit, Michigan 48202 (Manufacturer) and UNITED STATES TRUST COMPANY OF NEW YORK, a corporation duly organized and existing under the laws of the State of New York, with an office at 130 John Street, New York, New York 10038, as Trustee (the Trustee),

WITNESSETH:

WHEREAS, the Company entered into a Purchase Contract dated as of August 20, 1973 (said Purchase Contract being hereinafter called the Purchase Contract) with Manufacturer pursuant to which the Company agreed to purchase from Manufacturer and Manufacturer agreed to construct and sell to the Company 33 Diesel-Electric Locomotives (collectively the Equipment, and individually a Locomotive or Locomotives), more particularly described in Schedule A to the Lease hereinafter mentioned; and

WHEREAS, the Company has entered into a Lease of Railroad Equipment dated the date hereof (said Lease and all supplements thereto being hereinafter called the Lease) with George P. Baker, Richard C. Bond and Jervis Langdon, Jr., Trustees of the property of Penn Central Transportation Company, Debtor (said Trustees being hereinafter called the Railroad Trustees and said Company being hereinafter called the Railroad) providing for the lease of the Equipment upon the terms and conditions therein set forth and for the rentals therein provided, and by these presents the Company intends to assign to the Trustee all of its right, title and interest in and to (i) the Lease (except for indemnification against any loss of investment tax credit as therein provided), (ii) the Equipment subject to and to become subject to the Lease as therein provided and (iii) all cash held from time to time hereunder and any other property which may be assigned to or pledged with the Trustee hereunder, to be held in Trust hereunder for the benefit of the holders of the hereinafter-described Equipment Notes of the Company and (subject to the rights of such

holders hereunder) of Manufacturer as holder of any hereinafter-described Subordinate Claims; and

WHEREAS, the Company entered into a Temporary Railroad Equipment Lease dated September 5, 1973 (the Temporary Lease) with the Railroad Trustees pursuant to which the Equipment heretofore delivered by Manufacturer under the Purchase Contract has been leased to the Railroad Trustees; and

WHEREAS, at 12:01 A.M. on the first business day after the day on which the Lease is recorded under Section 20c of the Interstate Commerce Act the Temporary Lease is to terminate and all of the Equipment then subject to the Temporary Lease shall automatically become subject to the Lease; and

WHEREAS, the Company, pursuant to a Loan and Financing Agreement dated as of September 10, 1973 (the Loan and Financing Agreement) between the Company, Manufacturer, the Lenders named therein (the Lenders) and United States Trust Company of New York as agent for the Lenders (the Agent), proposes to obtain loans to be evidenced by the Equipment Notes and to deposit the proceeds thereof with the Trustee to be applied by the Trustee to satisfy the Company's obligations to pay for the Equipment; and

WHEREAS, the Company has duly authorized the making and delivery of its A Equipment Notes (the A Equipment Notes) and its B Equipment Notes (the B Equipment Notes), said respective series of A Equipment Notes and B Equipment Notes being hereinafter collectively called the Equipment Notes, and the Equipment Notes of each series are to bear interest, are to be limited in aggregate principal amount and are to mature in installments as provided in Section 1.2 of the Loan and Financing Agreement; and

WHEREAS, the Equipment Notes are to be substantially in the forms set forth in Schedule A hereto, with appropriate insertions or modifications to indicate amounts and dates of principal installment payments, and are to have endorsed thereon a Trustee's certificate of authentication substantially in the form further set forth in said Schedule A hereto; and

WHEREAS, the Company is a wholly-owned subsidiary of Manufacturer and Manufacturer is willing to undertake certain obligations

and guarantees for the benefit of the holders of the Equipment Notes; and

WHEREAS, the Company and Manufacturer, respectively, represent that all acts and things necessary to make the Equipment Notes, when made and delivered by the Company and authenticated and delivered by the Trustee as in this Agreement provided, the legal, valid and binding obligations of the Company, to make the obligations and guarantees undertaken by Manufacturer hereunder the legal, valid and binding obligations of Manufacturer, all as in this Agreement provided, and that all acts and things necessary to make this Agreement a legal, valid and binding obligation of the Company and Manufacturer, respectively, have been done and performed;

NOW, THEREFORE:

In order to secure equally and ratably to the holders of the Equipment Notes the payment of principal thereof and interest thereon according to the tenor, purport and effect thereof, and in order to declare the terms and conditions upon which the Equipment Notes are to be executed, delivered and received and to evidence the respective obligations of the Company and Manufacturer in respect thereof, and in consideration of the premises and of the purchase and acceptance of the Equipment Notes by the holders thereof,

FIRST: The Company hereby sells, assigns, mortgages, transfers and sets over unto the Trustee, for the equal and proportionate benefit of the holders from time to time of the Equipment Notes and (subject to the rights of such holders hereunder) of Manufacturer as holder of any Subordinate Claims:

(i) all of the right, title and interest of the Company in and to the Equipment subject to, and to become subject to, the terms and conditions of the Lease and described in Schedule A thereto;

(ii) all of the right, title and interest of the Company in and under the Lease, including, without limitation, the rights of the Company to receive all payments required by the Lease to be made by the Railroad Trustees of any nature whatsoever in and under the Lease (except for indemnification against any loss of investment tax credit as provided in Section 9 thereof), together with all of the Company's rights, powers, privileges and remedies under

the Lease in respect of the Equipment or otherwise; provided, however, that the provisions hereof shall not subject the Trustee to, or transfer or pass or in any way modify or affect the liabilities of the Company in respect of, the obligations of the Company to the Railroad Trustees set forth in the Lease; and

(iii) any cash held under this Agreement from time to time and all property of every kind and description which now or hereafter may be assigned to or pledged with the Trustee hereunder by the Company, Manufacturer or any other person;

TO HAVE AND TO HOLD to the Trustee, its successors in trust, and its and their assigns, forever,

ALL SUBJECT, HOWEVER, to the provisions of Article Nine hereof that after the payment in full of principal of and interest on all of the Equipment Notes, the payment of all Subordinate Claims of Manufacturer hereunder and the payment of all reasonable expenses incurred by and compensation of the Trustee, the right, title and interest of the Trustee in and to the Equipment and the Lease shall vest in the Company, free and clear of any rights of the Trustee or of the holders of Equipment Notes or Manufacturer under this Agreement,

AND IN FURTHERANCE of the foregoing assignment and transfer the Company hereby irrevocably authorizes and empowers the Trustee in the Trustee's own name or in the name of the Trustee's nominees or in the name of and as attorney (hereby irrevocably constituted) for the Company, to ask, demand, seize or collect, receive and enforce (i) payment of any and all amounts to which the Trustee is or may become entitled hereunder and (ii) compliance by the Railroad Trustees with the terms and conditions on their part to be performed and kept under the Lease, and

SECOND: The Company and Manufacturer, respectively, covenant and agree with the Trustee, for the equal and proportionate benefit of holders from time to time of the Equipment Notes, as follows:

ARTICLE ONE.

Definitions.

SECTION 1.1. The terms defined and referred to in this Section (except as herein otherwise expressly provided or unless the context

otherwise requires) for all purposes of this Agreement and of any agreement supplemental hereto shall have the respective meanings specified in this Section.

The following terms shall have the meanings specified or indicated in the recitals hereto:

Equipment
Equipment Notes, A Equipment Notes and *B Equipment Notes*
Lease
Lenders
Loan and Financing Agreement
Locomotive and *Locomotives*
Purchase Contract
Railroad
Temporary Lease

Agent shall mean United States Trust Company of New York and its successors and assigns, as Agent for the Lenders as provided in the Loan and Financing Agreement.

Business day shall mean any day other than a Sunday, a Saturday or any other day on which banking institutions in the City of New York are authorized by law to be closed.

Closing Date shall have the meaning provided in Section 4.1 of the Loan and Financing Agreement.

Company shall mean Electro-Motive Leasing Corporation and its successors and assigns.

Declaration shall mean a notice duly given pursuant to Section 7.1 hereof declaring the unpaid principal of all of the Equipment Notes to be immediately due and payable.

Deposited Cash shall mean the aggregate of all cash deposited with the Trustee under Section 2.1 hereof and, when required or indicated by the context, any sums deposited with the Trustee in accordance with the provisions of Section 3.2 hereof, and held by the Trustee.

Event of Default shall have the meaning specified in Section 7.1 hereof.

Installment Date when used with respect to any of the Equipment Notes shall mean a January 15, April 15, July 15 or October 15, as the case may be, when installments of principal and interest shall be payable on the Equipment Notes.

Manufacturer shall mean General Motors Corporation and its successors and assigns.

Note Register shall have the meaning specified in Section 2.5 hereof.

Officer's Certificate shall mean a certificate signed by the President, a Vice President, the Treasurer or the Comptroller of the Company or Manufacturer, as the case may be.

Optional Default Payment and *Optional Default Payment Certificate* shall have the meanings specified in Section 6.3 hereof.

Original Contract Price when used with respect to any of the Trust Equipment shall mean the total unit price thereof set forth in Schedule A to the Lease.

Railroad Trustees shall mean George P. Baker, Richard C. Bond and Jervis Langdon, Jr., Trustees of the property of Penn Central Transportation Company, Debtor, as well as any successor or additional trustees of such property before any assignment and transfer of the leasehold interest of the Railroad Trustees under the Lease in the Equipment and the possession thereof to a Reorganized Company as provided in Section 18 of the Lease, and thereafter shall mean any Reorganized Company.

Reorganized Company shall mean any corporation (which may be the Railroad) or governmental agency which acquires a substantial part of the lines of railroad comprised in the Railroad's estate upon termination of the trusteeship of the property of the Railroad, and thereafter shall include any successor which shall have become such in compliance with Section 18 of the Lease.

Request shall mean a written request by the Company for the action therein specified signed on behalf of the Company by the President, a Vice President, the Treasurer or the Comptroller of the Company.

Subordinate Claims shall have the meaning specified in Section 6.8 hereof.

Subsidiary of Manufacturer shall mean a corporation substantially all of the outstanding securities of which entitled to vote for the election

of directors are owned by Manufacturer or by other Subsidiaries of Manufacturer.

Trust Equipment shall mean Equipment subject to the terms of this Agreement and the Lease.

Trust Estate shall mean all right, title and interest of the Company in, to and under the Trust Equipment (subject to the rights of the Railroad Trustees under the Lease), the Lease and, except as provided in Section 6.6 hereof, shall include any cash and other property held by the Trustee in trust hereunder or otherwise subject hereto or intended so to be.

Trustee shall mean United States Trust Company of New York and any successor trustee under this Agreement.

ARTICLE TWO.

The Equipment Notes.

SECTION 2.1. At any time after the execution of this Agreement, but not after November 15, 1973, Equipment Notes shall be executed by the Company and delivered to the Trustee for authentication and the Trustee, subject to the provisions of Section 2.2 hereof, shall, upon a Request, authenticate said Equipment Notes and deliver the same to the Agent in accordance with Section 1.2 of the Loan and Financing Agreement, but only upon receipt by the Trustee from the Lenders of checks payable in Federal funds (or of Federal funds transferred to the Agent by bank wire transfer) in an amount equal to the aggregate principal amount of the Equipment Notes then being authenticated, the proceeds of which checks (and any such wire transfer) shall be held as Deposited Cash and (together with any cash required to be deposited under Section 3.2 hereof) shall be applied by the Trustee for the purchase of Trust Equipment in accordance with Article Three hereof.

SECTION 2.2. Equipment Notes shall (i) be executed and delivered by the Company to the Trustee and authenticated and delivered by the Trustee under Section 2.1 hereof in substantially the forms set forth in Schedule A hereto, (ii) be dated the date of authentication by the Trustee and (iii) be registered in the respective names of the Lenders, be in aggregate principal amounts, bear interest and be payable in

installments as provided in Section 1.2 of the Loan and Financing Agreement.

SECTION 2.3. Interest on the Equipment Notes shall be computed on the basis of a 360-day year of twelve 30-day months. The principal amounts of all Equipment Notes, all principal installment payments thereon and all prepayments of principal made thereon shall be in whole dollars. In rounding out to whole dollars the installments of principal payable on any Equipment Note and any prepayment of principal of any Equipment Note, any necessary adjustment shall be applied to the final installment of principal payable on such Equipment Note.

SECTION 2.4. The Equipment Notes shall be signed on behalf of the Company by its President or any Vice President.

Equipment Notes bearing the signature of any individual who was at any time a proper officer of the Company shall bind the Company notwithstanding that any such individual has ceased to hold such office prior to the authentication and delivery of such Equipment Notes or did not hold such office at the date of such Equipment Notes.

No Equipment Note shall be entitled to any benefit under this Agreement or be valid or obligatory for any purpose, unless there appears on such Equipment Note a certificate of authentication substantially in the form set forth in Schedule A hereto executed by the Trustee by manual signature, and such certificate on any Equipment Note shall be conclusive evidence, and the only evidence, that such Equipment Note has been duly authenticated and delivered hereunder.

SECTION 2.5. The Company shall maintain at the corporate trust office of the Trustee a register (herein called the Note Register) in which, subject to such reasonable regulations as it may prescribe, but at its expense (other than transfer taxes, if any), the Company shall provide for the registration and transfers of Equipment Notes.

Whenever any Equipment Note or Equipment Notes shall be surrendered at the corporate trust office of the Trustee for transfer or exchange, accompanied (if so required by the Company or the Trustee) by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the holder thereof, the Company shall execute and deliver to the Trustee and the Trustee shall authenti-

cate and deliver in exchange therefor a new Equipment Note or Equipment Notes, as may be requested by such holder, of the same series, registered in such name or names as such holder may designate, in the same aggregate unpaid principal amount and payable in installments in the same aggregate amounts on the same dates, as the aggregate unpaid principal amount and unpaid installment payments of the Equipment Note or Equipment Notes surrendered for exchange; provided, however, that no such exchange of Equipment Notes shall be made unless and until the interest payable on the first Installment Date on all Equipment Notes made and delivered under Section 2.1 hereof shall have been duly paid. Each Equipment Note delivered in exchange shall be dated the last date to which principal and interest have been paid on the Equipment Note or Equipment Notes surrendered. No reference need be made in any such new Equipment Note to any installment or installments of principal previously due and paid upon the Equipment Note or Equipment Notes surrendered. Neither the Company nor the Trustee shall be required to effect transfers or exchanges of Equipment Notes for a period of 10 days next preceding any Installment Date.

SECTION 2.6. The Equipment Notes may not be prepaid in whole or in part, except as provided in Articles Four, Six and Seven hereof.

SECTION 2.7. Upon receipt of evidence satisfactory to the Company of the loss, theft, destruction or mutilation of any Equipment Note and, in the case of any such loss, theft or destruction, upon delivery of a bond of indemnity satisfactory to the Company and the Trustee, or, in the case of any such mutilation, upon surrender and cancellation of such Equipment Note, the Company shall execute and deliver to the Trustee and the Trustee shall authenticate and deliver a new Equipment Note, dated the last date to which principal and interest have been paid and in the same unpaid principal amount and of like tenor, in lieu of such lost, stolen, destroyed or mutilated Equipment Note, except that no reference need be made in such new Equipment Note to any installment or installments of principal previously due and paid upon the Equipment Note in lieu of which such new Equipment Note is authenticated and delivered. The term "outstanding" when used in this Agreement with reference to the Equipment Notes as of any particular time shall not include any Equipment Note in lieu of which

a new Equipment Note has been authenticated and delivered in accordance with the provisions of this Section, so long as any Equipment Notes are outstanding other than Equipment Notes in lieu of which new Equipment Notes have been so authenticated and delivered. The indemnity agreement of any Lender shall constitute indemnity satisfactory to the Company and the Trustee for the purposes of this Section 2.7.

SECTION 2.8. The Company and the Trustee may treat the person in whose name any Equipment Note is registered on the Note Register as the owner of such Equipment Note for the purpose of receiving payment of the principal and interest payable thereon and for all other purposes whatsoever, whether or not such Equipment Note be overdue, and neither the Company nor the Trustee shall be affected by notice to the contrary.

SECTION 2.9. Payment of principal of and interest on any Equipment Note may (except in the case of any Lender as otherwise specified in Schedule A to the Loan and Financing Agreement or pursuant to Section 6.6 thereof) be made by the Trustee by mailing its check to the registered holder thereof addressed in accordance with Section 10.7 hereof. Presentation of Equipment Notes to the Trustee for notation of payment of principal shall not be required in the case of Lenders, or in the case of any subsequent registered holder of Equipment Notes if there shall have been filed with the Trustee an agreement between the Company and such subsequent holder that such presentation shall not be required and that such holder will not dispose of any Equipment Notes held by it without first submitting the same to the Trustee for stamping or other notation of the making of payment of principal thereof.

ARTICLE THREE.

Trust Equipment.

SECTION 3.1. The Trustee, subject to the satisfaction of the conditions set forth in Section 3.3 hereof, shall pay out Deposited Cash deposited with the Trustee pursuant to Sections 2.1 and 3.2 hereof to make payment to Manufacturer for the Trust Equipment.

SECTION 3.2. On the Closing Date the Company covenants that it will deposit with the Trustee an amount in cash equal to the excess

of the Original Contract Price of the Trust Equipment over the aggregate principal amount of Equipment Notes issuable hereunder, to be held by the Trustee as Deposited Cash and to be applied for the purpose set forth in Section 3.1 hereof.

SECTION 3.3. The Trustee shall not pay out any Deposited Cash in respect of the Trust Equipment unless and until it shall have received:

(a) an Officer's Certificate of the Company requesting payment of a specified amount out of Deposited Cash to Manufacturer to discharge the obligation of the Company to pay for Equipment theretofore purchased by the Company under the Purchase Contract which has become subject to the Lease and stating that, to the knowledge of the officer signing such certificate, no Event of Default, and no event which with the giving of notice or lapse of time or both would become an Event of Default, has occurred and is continuing under this Agreement; that such Equipment at the date of such Officer's Certificate is Trust Equipment as herein defined; and that the price of such Trust Equipment stated in each invoice delivered under paragraph (d) below is correct;

(b) certificates signed, respectively, by (i) the Secretary or an Assistant Secretary of the Railroad Trustees setting forth the names and signatures of the persons authorized to execute and deliver certificates of inspection and acceptance under the Lease and under the Temporary Lease, and (ii) an officer of the Company setting forth the names and signatures of the persons authorized to execute and deliver certificates of inspection and acceptance under the Purchase Contract;

(c) a certificate or certificates of inspection and acceptance as to the Trust Equipment in substantially the form of Schedule B to the Purchase Contract;

(d) an invoice or invoices for the Trust Equipment from Manufacturer to the Company stating that the Trust Equipment invoiced thereby is Equipment as herein defined and the price thereof;

(e) a bill of sale or bills of sale in substantially the form of Schedule B hereto from Manufacturer to the Company evidencing the transfer to the Company of title to such Trust Equipment;

(f) an opinion of counsel (who may be counsel to the Company or Manufacturer), satisfactory to the Trustee, that (i) the documents delivered to the Trustee in accordance with this Section 3.3 comply as to form with the provisions of this Agreement and (ii) the Company's right, title and interest in and to the Trust Equipment has been validly vested in the Trustee free from all claims, liens, security interests and other encumbrances except only the rights of the Railroad Trustees under the Lease and of the Company under this Agreement; and

(g) opinions of counsel (who may be counsel to the Railroad Trustees), satisfactory to the Trustee, as to each of the matters specified in, and conforming to, Section 6 of the Lease.

SECTION 3.4. Unless an Event of Default hereunder has occurred and is continuing, the Railroad Trustees shall be entitled to retain any Equipment lost, worn out, destroyed or irreparably damaged. Upon payment in full to the Trustee of the amounts payable under Section 11 of the Lease with respect to any lost, worn out, destroyed or damaged Equipment, or with respect to any Equipment requisitioned, taken over or nationalized by any governmental agency, such Equipment (and any compensation, claims or causes of action for such loss, destruction, damage, requisition, taking or nationalization) shall become the sole and exclusive property of the Railroad Trustees free and clear of any rights of the Trustee or of the holders of Equipment Notes or Manufacturer under this Agreement.

ARTICLE FOUR.

Payment and Prepayment of Equipment Notes.

SECTION 4.1. Unless the Equipment Notes shall have been declared due and payable by a Declaration, the Trustee shall receive and apply the rentals paid under the Lease, any amounts paid by Manufacturer on account of rental deficiency in accordance with Section 6.3 hereof and any Optional Default Payments made by Manufacturer as provided in said Section 6.3, as follows:

First, to the payment of principal of and interest on the Equipment Notes, ratably as between the two series thereof in proportion

to the respective aggregate amounts of principal and interest becoming due and payable on Equipment Notes of each series on the Installment Date next succeeding the date on which the rentals under the Lease and the payments of Manufacturer in respect of rental deficiency are payable, and to the payment, equally and ratably, of principal of and interest on the Equipment Notes within each series; and

Second, after all the principal of and interest on Equipment Notes due and payable on any such Installment Date has been paid in full, to the Company.

If the Equipment Notes shall have been declared due and payable pursuant to Article Seven hereof, any amounts received by the Trustee in respect of rental under the Lease or in respect of rental deficiency under Section 6.3 hereof shall be applied as set forth in Article Seven hereof.

SECTION 4.2. Unless the Equipment Notes shall have been declared due and payable by a Declaration, the Trustee shall promptly apply to the equal and ratable prepayment of Equipment Notes, pro rata as to all quarterly installments of principal payable thereon and as provided in Section 2.3 hereof, any funds received under Section 11 of the Lease on account of Trust Equipment lost, worn out, destroyed or irreparably damaged, or requisitioned, taken over or nationalized by any governmental agency. If the Equipment Notes shall have been declared due and payable by a Declaration, any such amounts received by the Trustee shall be applied as set forth in Article Seven hereof.

In the event that any prepayment of Equipment Notes is made at any time pursuant to this Section 4.2, the Trustee shall not later than the time of such prepayment deliver a notice to each holder of the Equipment Notes of (i) the reason for such prepayment, (ii) the aggregate amount prepaid on all Equipment Notes held by such holder, (iii) the amount or amounts to be applied to all quarterly installments of principal on such Equipment Notes subsequent to the date of such prepayment and (iv) the balance of all quarterly installments of principal of such Equipment Notes which shall remain unpaid after such application.

ARTICLE FIVE.

Additional Covenants of the Company.

SECTION 5.1. The Company covenants and agrees duly and punctually to pay or cause to be paid the principal of and interest on the Equipment Notes.

SECTION 5.2. The Company covenants and agrees that, unless there shall have been filed with the Trustee an appropriate instrument complying with the provisions of Section 6.1 hereof by which Manufacturer (in lieu of its guarantees under Section 6.5 hereof) shall have undertaken to guarantee to the Trustee and to each holder of Equipment Notes and to their respective successors and assigns the due and punctual payment of the principal of and interest on each and every one of the Equipment Notes and of the indebtedness represented thereby as and when the same shall respectively become due and payable, whether at the stated maturity thereof or by Declaration or otherwise pursuant to the provisions of the Equipment Notes and of this Agreement,

(i) it will do or cause to be done all things necessary to preserve and keep in full force and effect its corporate existence under the laws of the State of Delaware and its qualification to do business in such jurisdictions as may be necessary for it to carry out the transactions contemplated by this Agreement and will continue to maintain an office in the City and State of New York at which notices hereunder may be delivered or process served;

(ii) it will not issue any capital stock except to Manufacturer or a Subsidiary of Manufacturer;

(iii) it will not, without the prior written consent of the holders of a majority in aggregate principal amount of the Equipment Notes at the time outstanding, merge, consolidate or otherwise dispose of all or a substantial part of its assets except with or to Manufacturer;

(iv) it will not incur or be obligated upon, either directly or indirectly by way of guarantee, suretyship or otherwise, any indebtedness for borrowed money except (a) the Equipment

Notes and (b) indebtedness, claims in respect of which constitute Subordinate Claims;

(v) it will not, without the prior written consent of the holders of a majority in aggregate principal amount of the Equipment Notes at the time outstanding, assign, transfer, mortgage, hypothecate or pledge its rights under this Agreement except to Manufacturer; and

(vi) it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which has not been paid by the Railroad Trustees, of which the Company has knowledge or the payment of which has been requested by the Trustee, and which has become a lien or charge upon or against any of the Trust Equipment prior to, or on a parity with, the rights of the Trustee hereunder; but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, unless such contest will in the judgment of the Trustee materially endanger the rights or interest of the Trustee or the holders of the Equipment Notes.

SECTION 5.3. The Company covenants and warrants that upon or before the delivery to the Railroad Trustees of each Locomotive there was plainly, distinctly, permanently and conspiciously placed and fastened upon each side of such Locomotive a metal plate on which plainly and conspiciously appeared the following words in letters not less than one inch in height:

ELECTRO-MOTIVE LEASING CORPORATION, OWNER AND LESSOR
UNITED STATES TRUST COMPANY OF NEW YORK, TRUSTEE, ASSIGNEE

The Company also covenants and warrants that upon or before the delivery of each Locomotive to the Railroad Trustees there was placed on each side of such Locomotive the Manufacturer's Serial Number and the Road Number as set forth in Schedule A to the Lease.

SECTION 5.4. The Company covenants and agrees that it will cause this Agreement and the Lease and all amendments, supplements and

assignments hereto and thereto to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and will cause the Lease and all amendments, supplements and assignments thereto to be deposited with the Registrar General of Canada in accordance with Section 86 of the Railway Act (and notice of such deposit to be given in the *Canada Gazette* pursuant to said Section 86). In addition, the Company will from time to time cause this Agreement and the Lease and all amendments, supplements and assignments hereto and thereto to be filed, recorded, re-filed and re-recorded in such other public offices, and will do and perform any other act and will execute, acknowledge, deliver, file, record, re-file and re-record any and all further instruments, as may be required by law or reasonably requested by the Trustee for the purposes of proper protection of the title of the Trustee and the rights of the holders of the Equipment Notes and of fully carrying out and effectuating this Agreement and the Lease and the intent hereof and thereof; and the Company will promptly furnish to the Trustee certificates or other evidences of filing and recording or re-filing and re-recording pursuant to this Section, and an opinion or opinions satisfactory to the Trustee of counsel, who may be counsel for the Railroad Trustees, with respect thereto (it being understood that the opinions delivered pursuant to Section 6 of the Lease shall be sufficient with respect to the first filings and recordings of this Agreement and the Lease pursuant to this Section).

SECTION 5.5. The Company covenants and agrees to make payment of all reasonable expenses incurred by and compensation of the Trustee, and of all taxes, assessments and other governmental charges levied upon the Trust Equipment or the Lease or upon the revenues, rents, income or profits with respect thereto, or otherwise for which the Trustee, as such, may be liable, but nothing herein contained shall require the Company to make payment of any tax levied upon the compensation or other income received by the Trustee to remunerate it for serving as such hereunder.

SECTION 5.6. The Company covenants and agrees that it will furnish to the Trustee financial statements and such other reasonable information as the Trustee may from time to time request, and will permit the agents of the Trustee to inspect any of the properties of

the Company, examine its books of account and discuss with the Company and its officers and agents the affairs, finances and accounts of the Company at reasonable times and from time to time.

SECTION 5.7. The Company covenants and agrees from time to time to do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof. The Company further covenants and agrees that it will cause the Railroad Trustees to maintain and keep all of the Equipment in good order and repair in accordance with the provisions of Section 10 of the Lease, and that in determining the amount of insurance coverage under said Section 10 it will consult with and act in accordance with the directions (if any) of the Trustee.

SECTION 5.8. It is understood and agreed that satisfaction by Manufacturer or the Railroad Trustees of any of the obligations of the Company herein contained either by payments to the Trustee pursuant to this Agreement or the Lease or by performance of other covenants contained in the Lease shall be deemed to and shall constitute performance by the Company of such covenants and agreements hereunder, as between the Company, the Trustee and the holders of the Equipment Notes, subject, however, to the rights of Manufacturer under Sections 6.8 and 7.2 hereof.

SECTION 5.9. The Company will deliver to the Trustee, within 135 days after the end of each fiscal year, an Officer's Certificate of the Company, stating that

(i) a review of the activities of the Company during such year and of its performance under this Agreement has been made under his supervision, and

(ii) to the best of his knowledge, based on such review, no Event of Default, and no event which with the giving of notice or lapse of time or both would become an Event of Default, has occurred during such year, or, if any such Event of Default or other such event has occurred, specifying the same and the nature and status thereof.

ARTICLE SIX.

Covenants and Guarantees of Manufacturer.

SECTION 6.1. Manufacturer covenants and agrees that, to the extent permitted by law, Manufacturer and its Subsidiaries will not during the term of this Agreement

(i) sell, assign, transfer, hypothecate or pledge any of the capital stock of the Company now owned or hereafter acquired by Manufacturer or any of its Subsidiaries except to Manufacturer or a Subsidiary of Manufacturer,

(ii) cause or permit the Company to issue additional capital stock except to Manufacturer or a Subsidiary of Manufacturer,

(iii) cause or permit the Company to dissolve, or, without the prior written consent of the holders of a majority in aggregate principal amount of the Equipment Notes at the time outstanding, cause or permit the Company to merge, consolidate or otherwise dispose of all or a substantial part of its assets except with or to Manufacturer, or

(iv) without the prior written consent of the holders of a majority in aggregate principal amount of the Equipment Notes at the time outstanding, cause or permit the Company to assign, transfer, mortgage, hypothecate or pledge its rights under this Agreement except to Manufacturer,

unless prior to any such sale, assignment, transfer, hypothecation, pledge, dissolution, merger, consolidation or disposal Manufacturer shall, by executing and delivering to the Trustee an appropriate instrument, in form and substance satisfactory to each of the Lenders, have undertaken to guarantee to the Trustee and to each holder of Equipment Notes and to their respective successors and assigns the due and punctual payment of the principal of and interest on each and every one of the Equipment Notes and of the indebtedness represented thereby as and when the same shall respectively become due and payable, whether at the stated maturity thereof or by Declaration or otherwise pursuant to the provisions of the Equipment Notes and of this Agreement. Upon execution and delivery by Manufacturer to the Trustee of such instrument containing such undertaking the same shall supersede and be in lieu of the covenants, agreements and guarantees by Manufacturer in the following Sections 6.2 to 6.8, inclusive, hereof, and such instrument may expressly so provide.

SECTION 6.2. Manufacturer covenants and agrees that it will make payments or advances to the Company at such times and in such amounts as may be required to permit the Company to pay its income, franchise and other taxes and fees, principal and interest on its indebtedness (excluding principal and interest on the Equipment Notes, except pursuant to Section 6.3 or Section 6.5 hereof), and its expenses, including without limitation amounts payable by the Company pursuant to Section 6.5 of the Loan and Financing Agreement and Sections 3.2 and 5.5 hereof; provided, however, that Manufacturer shall have no obligation under this Section 6.2 to make payments or advances in respect of any taxes, fees, indebtedness or other expenses which shall not have accrued or become payable prior to the expiration of a period of 90 days following the occurrence of an Event of Default hereunder unless the same shall have been cured within such period.

SECTION 6.3. Unless an Event of Default has occurred hereunder and has not been cured, Manufacturer covenants and agrees that, in order that the Company shall be in a position to meet in full its obligations on the Equipment Notes on each Installment Date, (i) one business day prior to each Installment Date in each year, commencing January 15, 1974 and ending October 15, 1988, it will pay to the Trustee for the account of the Company an amount equal to the excess, if any, of the amount of principal and interest payable on the Equipment Notes on such Installment Date over the rental payment due under Section 4 of the Lease one business day prior to such date, and (ii) one business day prior to January 15, April 15, July 15 or October 15, 1974, as the case may be, it will pay to the Trustee for the account of the Company the full amount of principal and interest payable on the Equipment Notes on any such Installment Date, if on such date the rental payment otherwise due under Section 4 of the Lease one business day prior to such date shall not then have become due and payable by reason of a cessation or suspension of railroad operations, as provided in the second paragraph of said Section 4.

If at a time when no Event of Default hereunder has occurred and is continuing the Railroad Trustees shall default in making a rental payment when due under Section 4 of the Lease, Manufacturer thereupon may, at its election, before the expiration of the 10-day grace period specified in subparagraph (b) of Section 7.1 hereof, pay to the Trustee for the account of the Company the amount necessary to enable the Company to pay in full the installment of principal payable on the

Equipment Notes on the Installment Date immediately following the date when such rental payment was due under the Lease, together with all interest due on the Equipment Notes (at the respective regular interest rates specified in the Equipment Notes, without increase on account of overdue principal or interest on overdue interest) to the date of such payment (any such payment by Manufacturer on account of principal and interest on the Equipment Notes being hereinafter called an "Optional Default Payment"). Upon making any such payment, Manufacturer shall thereupon have the further right, at its election, before the expiration of a further period of 10 days from the date it makes such payment, to file with the Trustee an Officer's Certificate of Manufacturer stating that Manufacturer will make a further Optional Default Payment one business day prior to the next succeeding Installment Date, if no Event of Default hereunder shall then have occurred and be continuing and if the Railroad Trustees shall then still be in default in making all rental payments then and theretofore due under Section 4 of the Lease (any such Officer's Certificate of Manufacturer being hereinafter called an "Optional Default Payment Certificate").

During the aforesaid 10-day grace period and, if Manufacturer within such period shall make an Optional Default Payment, during the aforesaid further 10-day period thereafter, no default on the part of the Railroad Trustees in making any rental payments due under Section 4 of the Lease shall constitute an Event of Default under subparagraph (a) of Section 7.1 hereof; and if before the expiration of such further period Manufacturer shall file an Optional Default Payment Certificate as aforesaid, no default on the part of the Railroad Trustees in making any rental payments due under Section 4 of the Lease up to and including the date the Optional Default Payment specified in such certificate is due shall constitute an Event of Default under subparagraph (a) of Section 7.1 hereof.

At the time Manufacturer makes the Optional Default Payment due on the next Installment Date pursuant to such Optional Default Payment Certificate Manufacturer may, at its election, file with the Trustee a further Optional Default Payment Certificate stating that Manufacturer will make a further Optional Default Payment one business day prior to the next succeeding Installment Date, if no Event of Default hereunder shall then have occurred and be continuing and if the Railroad Trustees shall then still be in default in making all rental

payments then and theretofore due under Section 4 of the Lease. Manufacturer may, at its election, file any number of such Optional Default Payment Certificates successively as and when it makes Optional Default Payments, it being understood, however, that Manufacturer shall not be under any obligation to file any such certificate.

If, and as often as, Manufacturer shall file an Optional Default Payment Certificate, no default on the part of the Railroad Trustees in making any rental payments due under Section 4 of the Lease up to and including the date the next Optional Default Payment specified in such certificate is due shall constitute an Event of Default under subparagraph (a) of Section 7.1 hereof.

Manufacturer covenants and agrees and unconditionally guarantees that if and as often as it shall file an Optional Default Payment Certificate it will make the Optional Default Payment therein specified.

Anything in this Agreement or the Equipment Notes to the contrary notwithstanding, if Manufacturer shall duly make Optional Default Payments at the times specified in this Section 6.3, the amounts thereof paid over by the Trustee to the holders of Equipment Notes pursuant to Section 4.1 hereof on account of principal and interest due thereon shall constitute full payment of such principal, pro tanto, and of interest for the period in respect of which such interest is paid and no additional interest shall be payable thereon in respect of such period.

SECTION 6.4. Manufacturer covenants and agrees that in any suit, proceeding or action brought by the Trustee under the Lease for the payment of any rentals or to enforce any of the provisions thereof, or under the Equipment Notes for the payment of the principal thereof or interest thereon, or under this Agreement to enforce any provisions hereof, it will save, indemnify and keep harmless the Trustee, for the benefit of the holders of Equipment Notes, from and against all expenses, loss or damage suffered by reason of any defense, set-off, counterclaim or recoupment whatsoever of the Company or the Railroad Trustees arising out of a breach by Manufacturer of any obligations in respect of the Equipment or the manufacture, construction, delivery, guarantee or warranty thereof, or by reason of any defense, set-off, counterclaim or recoupment whatsoever by reason of any other indebtedness or liability at any time owing to the Company or to the Railroad Trustees by Manufacturer.

SECTION 6.5. Manufacturer covenants and agrees and unconditionally guarantees that:

(a) Manufacturer will pay to the Trustee, before the expiration of the 10-day grace period specified in subparagraph (b) of Section 7.1 hereof, the amount required to pay in full the installment of principal payable on the Equipment Notes on any Installment Date (determined without regard to a Declaration, if such shall have occurred) together with all interest due on the Equipment Notes to the date of such payment, upon notice from the Trustee that the Railroad Trustees have not made the rental payment due under Section 4 of the Lease one business day prior to such Installment Date, unless Manufacturer shall make an Optional Default Payment on account of the principal and interest payable on the Equipment Notes on such Installment Date;

(b) if Manufacturer becomes obligated to make a payment on account of the principal and interest payable on the Equipment Notes on any Installment Date pursuant to subparagraph (a) above (and has not elected to make an Optional Default Payment), then Manufacturer will, in addition to its payment pursuant to subparagraph (a), duly and punctually pay to the Trustee one business day prior to the next succeeding Installment Date the amount required to pay in full the principal and interest payable on the Equipment Notes on such succeeding Installment Date (determined without regard to a Declaration, if such shall have occurred), unless on such succeeding Installment Date all Events of Default hereunder (including any event constituting an event of default under Section 14 of the Lease) which shall have occurred shall have been cured; and

(c) if the unpaid principal amount of all the Equipment Notes shall become due and payable by a Declaration, Manufacturer will pay to the Trustee an amount equal to the lesser of (i) 55% of the aggregate principal amount of all Equipment Notes originally authenticated and delivered pursuant to Sections 2.1 and 2.2 hereof, or (ii) the aggregate principal amount of the Equipment Notes remaining unpaid after application (pursuant to Section 6.6 hereof) of all amounts, if any, paid by Manufacturer pursuant to subparagraphs (a) and (b) above.

Any amount payable by Manufacturer pursuant to subparagraph (c) of this Section 6.5 shall be paid by Manufacturer concurrently with the payment required by subparagraph (b), if a Declaration shall then have occurred, or shall be paid within 5 business days after the effective date of any Declaration occurring thereafter.

All amounts payable by Manufacturer pursuant to subparagraphs (a) and (b) of this Section 6.5 in respect of unpaid interest on A Equipment Notes and B Equipment Notes shall be at the respective regular interest rates specified in the Equipment Notes, without increase on account of overdue principal or interest on overdue interest and without regard to a Declaration, if such shall have occurred.

Manufacturer shall be entitled to reimbursement from the Company for all amounts paid to the Trustee pursuant to this Section 6.5, together with interest thereon at the rate of 10% per annum, to the extent legally enforceable, subject to the provisions of Section 6.8 hereof.

The obligations of Manufacturer under this Section 6.5 and under any guarantee undertaken pursuant to Section 6.1 hereof shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of any Equipment Note, or the validity or enforceability of the Lease or of the assignment of the right, title and interest of the Company therein and thereunder to the Trustee, and shall not be affected by any action taken under this Agreement or the Lease or any Equipment Note in the exercise of any right, remedy or power herein or therein conferred, or by any failure or omission to enforce any right, remedy or power conferred hereby or thereby, or by any waiver of any term, covenant, agreement or condition hereof or thereof, or by any consolidation or merger of the Company into, or any sale, lease or other disposition of all or any part of the property of the Company to, any other person, or by any extension or renewal of any of the Equipment Notes in whole or in part, or by any amendment of or supplement to this Agreement or the Lease or any of the Equipment Notes, or by any repossession by the Trustee of any Equipment covered by the Lease, or by any other circumstances whatsoever (with or without notice to or knowledge of Manufacturer) which may or might in any manner or to any extent vary the risks of Manufacturer under this Agreement, or might otherwise constitute a legal or equitable discharge of a surety or guarantor; it being the purpose and intent of the parties hereto that the obligations of Manufacturer under this

Section 6.5 and under any guarantee undertaken pursuant to Section 6.1 hereof shall be absolute and unconditional under any and all circumstances and shall not be discharged except by payment as herein and therein provided, and then only to the extent of such payment or payments.

SECTION 6.6. Amounts paid to the Trustee by Manufacturer pursuant to Section 6.5 hereof shall not constitute part of the Trust Estate, but shall be received by the Trustee as agent for the holders of the outstanding Equipment Notes and shall forthwith be paid over by the Trustee to such holders pursuant to Section 2.9 hereof, as follows:

(a) any amount paid to the Trustee pursuant to subparagraph (a) or (b) of said Section 6.5 in respect of the principal and interest payable on the Equipment Notes on any Installment Date shall be applied to the payment of the installments of such principal and interest then payable (and of interest on any overdue principal to the date of payment) without regard to a Declaration, if such shall have occurred; and

(b) any amount paid to the Trustee pursuant to subparagraph (c) of said Section 6.5 shall be applied to the equal and ratable payment of the unpaid principal due on all Equipment Notes outstanding irrespective of series, determined after giving effect to any payments on account of principal applied pursuant to subparagraph (a) of this Section 6.6.

Manufacturer shall make any payment to the Trustee pursuant to Section 6.5 hereof in Federal funds not later than 12 o'clock noon, New York time, on the date such payment is made and at least one business day prior to such payment shall give the Trustee notice of its intention to make such payment and the manner in which such payment will be made. Provided that such payment is so made and such notice has been so given, the amount of such payment shall be paid over by the Trustee in Federal funds to the holders of outstanding Equipment Notes as provided in this Section 6.6 on the same day that such amount is received by the Trustee.

Anything in this Agreement or the Equipment Notes to the contrary notwithstanding, if Manufacturer shall duly make the payments specified in subparagraphs (a) and (b) of Section 6.5 hereof at the times therein specified, all amounts paid over by the Trustee to the

holders of Equipment Notes pursuant to subparagraph (a) of this Section 6.6 on account of principal and interest due thereon shall constitute full payment of such principal, pro tanto, and of interest for the period in respect of which such interest is paid (determined without regard to a Declaration, if such shall have occurred) and no additional interest shall be payable thereon in respect of such period.

SECTION 6.7. Manufacturer covenants and agrees that if at any time the unpaid principal amount of all Equipment Notes shall have become due and payable by a Declaration and thereupon any part of such principal amount shall remain unpaid after the application pursuant to Section 6.6 hereof of the payments required to be made by Manufacturer pursuant to Section 6.5 hereof, and if the Trustee shall theretofore or thereafter have repossessed any Locomotives pursuant to Section 14 of the Lease:

(a) Manufacturer will, at its expense, as promptly as practicable, restore such repossessed Locomotives to a condition which shall be that in which normally-maintained locomotives of the same age should be; and

(b) Manufacturer will, to the extent hereinbelow provided, use its best efforts to find a purchaser or purchasers from the Trustee of Locomotives so reconditioned at prices at least equal to their 15-year straight-line depreciated value (computed on the basis of the Original Contract Price) at the time such Locomotives are repossessed by the Trustee.

The obligation of Manufacturer to use its best efforts to find a purchaser or purchasers for repossessed Locomotives under subparagraph (b) of this Section 6.7 shall be limited to such number of repossessed Locomotives as shall have an aggregate minimum purchase price as specified in said subparagraph (b) equal to the unpaid principal amount of the Equipment Notes, if any, remaining after the application pursuant to Section 6.6 hereof of the payments required to be made by Manufacturer pursuant to Section 6.5 hereof.

Manufacturer shall be entitled to reimbursement from the Company for its expenses of reconditioning repossessed Locomotives pursuant to this Section 6.7, together with interest thereon at the rate of 10% per annum, subject to the provisions of Section 6.8 hereof.

Manufacturer shall have the right, at its election, to purchase any Locomotives reconditioned by it under this Section 6.7 at prices at

least equal to their 15-year straight-line depreciated value, provided that notice in writing of its election to do so is given to the Trustee within 45 days after repossession of such Locomotives by the Trustee. Manufacturer shall pay the purchase price for any Locomotives to the Trustee in full, in cash, within 30 days after such Locomotives have been reconditioned.

SECTION 6.8. All claims of any kind or character of Manufacturer, and of its affiliates, Subsidiaries, successors and assigns, against the Company, including without limitation all claims arising in respect of payment of principal of and interest on any indebtedness from the Company to Manufacturer or arising under any accounts resulting from or any securities issued to Manufacturer on account of advances or payments made to the Company pursuant to Section 6.2 hereof or on account of payments made to the Trustee for the account of the Company pursuant to Section 6.3 hereof or on account of payments made to the Trustee in respect of unpaid principal and interest due on the Equipment Notes pursuant to Section 6.5 hereof or on account of expenses of reconditioning repossessed Locomotives pursuant to Section 6.7 hereof (claims in respect of any of the foregoing being referred to herein as "Subordinate Claims"), shall be subordinated in right of payment to the prior payment of principal of and interest on the Equipment Notes as follows:

During the continuance of an Event of Default and upon any distribution of assets of the Company upon any dissolution, winding up, liquidation or reorganization of the Company, whether in bankruptcy, insolvency or receivership proceedings or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise,

(a) the holders of the Equipment Notes shall first be entitled to receive payment in full of the principal thereof and the interest due thereon before any payment shall be made on Subordinate Claims;

(b) any payment or distribution of assets of the Company of any kind or character, whether in cash, property or securities, which would be made on account of Subordinate Claims except for these provisions shall be paid by the trustee or agent or other person making such payment or distribution direct to the holders

of Equipment Notes or their representative or representatives ratably according to the aggregate amounts remaining unpaid on account of the principal of and interest on Equipment Notes held or represented by each, to the extent necessary to make payment in full of all Equipment Notes remaining unpaid after giving effect to any concurrent payment or distribution for the account of holders of Equipment Notes; and

(c) in the event that Manufacturer shall receive any payment or distribution on any Subordinate Claims which Manufacturer is not entitled to retain under the foregoing provisions, Manufacturer will hold any amount so received in trust for the holders of the Equipment Notes and will forthwith turn over such payment or distribution to the holders of Equipment Notes or their representative or representatives (ratably as aforesaid) in the form received to be applied on the Equipment Notes.

Manufacturer shall have a security interest in the Trust Estate to the extent of the aggregate amount of all Subordinate Claims, which security interest shall be subordinate to all security interests in the Trust Estate for the benefit of the Trustee and the holders of Equipment Notes.

Nothing contained herein is intended to or shall impair, as between the Company and its creditors other than the holders of Equipment Notes, the obligations of the Company to pay to Manufacturer the principal of and interest on any indebtedness from the Company to Manufacturer as and when the same shall become due and payable in accordance with its terms, provided, however, that Manufacturer shall not enforce by legal process payment of any indebtedness of the Company to it until and unless the holders of Equipment Notes have received payment in full of principal thereof and interest thereon.

ARTICLE SEVEN.

Remedies on Default.

SECTION 7.1. The Company covenants and agrees that in case one or more of the following Events of Default shall have occurred and be continuing, that is to say:

(a) an event constituting an event of default under Section 14 of the Lease shall have occurred and be continuing, except as

provided in Section 6.3 hereof in respect of an event of default occurring under Section 14(a) of the Lease by reason of a default by the Railroad Trustees in the payment of any part of the rental due under Section 4 of the Lease;

(b) default in the due and punctual payment of the principal of or interest on any of the Equipment Notes when the same shall have become due and payable and any such default shall have continued for 10 days;

(c) default by the Company in the performance or observance of any of the covenants set forth in Section 5.2 hereof, other than the covenants set forth in subparagraph (vi) thereof;

(d) default in the performance or observance of any of the other covenants and agreements on the part of the Company or Manufacturer contained in this Agreement or any agreement supplemental hereto, or on the part of Manufacturer contained in the Warranty Agreement, and any such default shall have continued for 30 days after written notice to the Company or Manufacturer, as the case may be, shall have been given by the Trustee, or to the Company or Manufacturer, as the case may be, and the Trustee by the holders of at least 25 per cent in aggregate unpaid principal amount of the Equipment Notes at the time outstanding;

(e) the Company or Manufacturer shall admit in writing its inability to pay its debts as they mature; or consent to the appointment of a receiver or trustee for it or substantially all of its property, or suffer such appointment made without its consent to remain undischarged for 60 days; or institute or consent to any proceedings under any law relating to bankruptcy, insolvency, or the reorganization or relief of debtors, or suffer any such proceedings instituted against and contested by it not to be dismissed or stayed within 60 days; or suffer any order of attachment or execution or any similar process to be issued or levied against substantially all of its property which is not released, stayed, bonded or vacated within 60 days after its issue or levy; or

(f) any material representation made by the Company or Manufacturer herein or in the Loan and Financing Agreement or in any certificate or other instrument delivered under or pur-

suant to any provision hereof or thereof shall prove to have been false or incorrect in any material respect on the date as of which made;

then, in each and every such case, either the Trustee or the holders of not less than 25 per cent in aggregate unpaid principal amount of the Equipment Notes then outstanding, by notice in writing to the Company (and to the Trustee if given by the holders of Equipment Notes) may declare the unpaid principal of all of the Equipment Notes to be immediately due and payable and upon any such Declaration the same shall become and shall be immediately due and payable without further demand, anything to the contrary in this Agreement or in the Equipment Notes notwithstanding, and thereafter (except as provided in Sections 6.5 and 6.6 hereof) such principal and interest due thereon shall bear interest from the date of such Declaration at a rate of ½ of 1% per annum above the respective interest rates borne by such Equipment Notes, to the extent legally enforceable, and the Trustee shall be entitled to recover judgment for the entire unpaid principal amount of Equipment Notes with interest as aforesaid, and to collect such judgment out of any property of the Company wherever situated.

If before sale or completion of any other enforcement of this Agreement (i) all expenses of the Trustee incident to such Event of Default and to the enforcement by the Trustee of the provisions of this Agreement shall have been paid by the Company, (ii) all amounts which shall then be due and payable by the Company on the Equipment Notes and under this Agreement, other than such part of the Equipment Notes as shall have become due and payable only because of a Declaration, shall have been paid by the Company, with interest thereon from the date of such Declaration at a rate of ½ of 1% per annum above the respective interest rates borne by such Equipment Notes, to the extent legally enforceable, and (iii) all other existing Events of Default shall have been remedied, then the holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series then outstanding may waive any such Event of Default and its consequences and rescind and annul any such Declaration by delivering to the Company and the Trustee a written notice to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such default had existed or no such Declaration had been made. It is expressly understood and agreed by the Company, however, that no such

waiver, rescission and annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

If an Event of Default shall have occurred and be continuing and if the unpaid principal amount of the Equipment Notes shall have been declared immediately due and payable as hereinbefore provided the Trustee, subject to any mandatory requirement of law then in force and applicable thereto, may, with or without taking possession of the Trust Estate, at its election, sell or lease any or all of the Trust Estate, free from any and all claims of the Company or Manufacturer (except as provided in this Article) or of any other person claiming by, through or under the Company, at law or in equity, at public or private sale, for cash or on credit, and with or without advertisement, all as the Trustee may determine. Any such sale or lease may be held or conducted at such place or places and at such time or times as the Trustee may fix, in one lot and as an entirety or in separate lots, and without the necessity of taking possession of or gathering at the place of sale or lease the Trust Estate to be sold or leased, and in general in such manner as the Trustee may determine; provided, however, that notice of each such sale or lease shall be given to the Compay by telegram or registered mail at least ten days prior thereto, and, if such sale or lease shall be a private sale or lease permitted by such mandatory requirement of law, such notice shall also specify the proposed sale price or rental. Each private sale or lease pursuant to this Agreement shall be subject to the right of the Company to purchase or provide a purchaser or lessee within such ten days at the same or a better price or rental and on not less favorable terms than those offered by the intending purchaser or lessee. Without accountability to the Company (except as provided in this Article) any holder of the Equipment Notes then outstanding or Manufacturer may bid for and become the purchaser or lessee of any or all of the Trust Estate and in payment of the purchase price or rental of such Trust Estate shall be entitled to be credited on account thereof the distributive share of such holder or of Manufacturer (subject to Section 6.8 hereof) of the purchase price or rental of such Trust Estate.

Except as provided in this Agreement no sale, lease, or taking possession of the Trust Estate shall affect any right or cause of action which the Trustee or the holders of the Equipment Notes then outstanding or Manufacturer may have, or release the Company or Manu-

facturer from any obligation or liability, upon the Equipment Notes or under this Agreement.

To the extent not prohibited by law, each and every right, power and remedy hereby specifically given to the Trustee or the holders of the Equipment Notes or Manufacturer shall be in addition to every other right, power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every right, power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Trustee or the holders of the Equipment Notes or Manufacturer. All such rights, powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Trustee or the holders of the Equipment Notes or Manufacturer in the exercise of any such right, power or remedy and no renewal or extension of any payments due on the Equipment Notes shall impair any such right, power or remedy or shall be construed to be a waiver of any default or an acquiescence therein.

SECTION 7.2. If an Event of Default shall have occurred and the Trustee or the holders of Equipment Notes or Manufacturer shall exercise any of the rights or remedies conferred by Section 7.1 hereof, all payments made by the Company or the Railroad Trustees to the Trustee after such Event of Default, the proceeds of any sale or lease of the Trust Estate and the proceeds of any judgment collected from the Company or the Railroad Trustees by the Trustee hereunder, together with any other sums which may then be held by the Trustee under any of the provisions of this Agreement, shall be applied by the Trustee as follows:

First: to the reasonable expenses of retaking, holding, preparing for the sale or lease, selling or leasing of the Trust Equipment; reasonable counsel fees; and in general to the payment of all proper charges, expenses or advances made or incurred by the Trustee in accordance with this Agreement;

Second: to the equal and ratable payment of the principal of and interest on the Equipment Notes, together with interest on overdue principal and interest at a rate ½ of 1% per annum above the respective interest rates borne by such Equipment Notes,

or, if such shall be prohibited by any mandatory requirement of law then in force and effect, at the highest rate allowable by such requirement; and

Third: to the satisfaction of any Subordinate Claims of Manufacturer if written notification of demand therefor is received by the Trustee before distribution of the proceeds is completed.

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 Company. If, after applying all such sums of money realized by the Trustee as aforesaid, there shall remain any amount due under the provisions hereof, the Company agrees to pay the amount of such deficit to the Trustee upon demand for application in accordance with this Section 7.2. If the Company shall fail to pay to the Trustee any such deficit, the Trustee may bring suit therefor and shall be entitled to recover a deficiency judgment therefor against the Company.

SECTION 7.3. If the Company or Manufacturer shall refuse or fail to perform any agreement which this Agreement requires it to perform, the Trustee may perform the same and give to the Company or Manufacturer, as the case may be, notice in writing of the expenses incurred in connection therewith and the Company or Manufacturer, as the case may be, agrees to repay promptly after such notice all reasonable expenses so incurred.

The acceptance by the Trustee or any holder of the Equipment Notes of any security or of any payment on account of the Equipment Notes or of interest thereon maturing or accruing after any default or of any payment on account of any past default shall not be deemed a waiver of any right to take advantage of any other past or any future default.

All rights, remedies and powers provided for in this Article may be exercised only to the extent that the exercise thereof does not violate any applicable provisions of law in the premises and all the provisions of this Article are intended to be subject to all applicable mandatory provisions of law that may be controlling in the premises and to be limited to the extent necessary so that they will not render this Agreement invalid or unenforceable. Except as otherwise provided in this

Agreement, the Company and Manufacturer, to the fullest extent permitted by law, hereby waive all statutory or other legal requirements for any notice or demand of any kind whatsoever in connection with any sale, lease, or taking possession of the Trust Estate and all other requirements as to the time, place and terms of sale or lease thereof, and any other requirements with respect to the enforcement of the Trustee's rights hereunder, and any and all rights of redemption.

SECTION 7.4. The holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series at the time outstanding (or Manufacturer as holder of any Subordinate Claims, if and when all sums due on account of principal of and interest on the Equipment Notes shall have been paid in full) shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee in exercising any trust or power conferred on the Trustee under any provision of this Agreement, and the Trustee shall be fully protected in acting in accordance with such direction.

SECTION 7.5. No taking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, or any action or failure or omission to act against the Company, Manufacturer or the Railroad Trustees, or in respect of the Trust Equipment, on the part of the Trustee or on the part of any holder of Equipment Notes, or any delay or indulgence granted to the Company or Manufacturer by the Trustee or by any such holder, shall affect the obligations of the Company or Manufacturer hereunder or under the Equipment Notes.

SECTION 7.6. Notwithstanding any other provision in this Agreement, the holder of any Equipment Note shall have the right which is absolute and unconditional to receive payment of the principal of and interest on such Equipment Note on the respective payment dates expressed therein and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such holder.

SECTION 7.7. The Company will pay all reasonable expenses, including attorneys' fees, incurred by the Trustee in enforcing its remedies hereunder or under the Lease. In the event that the Trustee shall bring suit hereunder and shall be entitled to judgment, then in such suit the Trustee may recover reasonable expenses, including

counsel fees, and the amount thereof shall be included in such judgment.

ARTICLE EIGHT.

The Trustee.

SECTION 8.1. The Trustee hereby accepts the trusts imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed.

SECTION 8.2. The Trustee shall not be responsible for the filing or recording or re-filing or re-recording of this Agreement, the Lease or of any supplement hereto or thereto. In making payment for the Trust Equipment, or in accepting any cash payable hereunder or under the Lease in respect of Trust Equipment, the Trustee may rely upon and shall be fully protected by the certificates, bills of sale, invoices and opinions of counsel to be furnished to it hereunder or under the Lease, as the case may be, and shall not be required to make any further investigation of or inquiry concerning the matters covered thereby.

SECTION 8.3. The Trustee shall be under no obligation to take any action for the execution or enforcement of the trust hereby created or in the way of insuring, taking care of or taking possession of the Trust Equipment, or to take any other action under this Agreement or the Lease, unless requested so to do in writing by the holders of not less than 25% in aggregate unpaid principal amount of the Equipment Notes then outstanding (or by Manufacturer as holder of any Subordinate Claims, if and when all sums due on account of principal of and interest on the Equipment Notes shall have been paid in full) and unless indemnified to its satisfaction against expense and liability with respect thereto, and unless also furnished with proof satisfactory to it as to the ownership of the Equipment Notes in respect of which any such request may be made; but this provision, in the absence of such request, shall not affect any discretion herein given to the Trustee to determine whether it shall take action in respect of any default hereunder or what action it shall take.

SECTION 8.4. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on deposit with itself, without liability for interest thereon save as may be agreed upon between the Trustee and the Company or as otherwise provided herein.

SECTION 8.5. The Trustee shall not be liable to anyone for any default on the part of the Railroad Trustees or of the Company or Manufacturer, 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, including its powers and duties as assignee of the Lease, by or through such attorneys or agents as it shall appoint, and shall be entitled to rely upon the advice of counsel (who may be counsel to the Company or Manufacturer or the Railroad Trustees), and shall be answerable for only its own acts, negligence and wilful defaults and not for the default or misconduct of any attorney or agent appointed by it with reasonable care. The Trustee shall not be responsible in any way for the recitals herein contained or for the execution or validity of this Agreement, the Lease or of the Equipment Notes, or for any mistake of fact or law.

The Trustee shall be entitled to receive payment of all reasonable expenses incurred by it 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 the Company. The Company and Manufacturer also agree to indemnify the Trustee for any loss, liability or expense incurred in connection with the acceptance or administration of this trust, as well as the costs and expenses of defending against any such loss, liability or expense.

The Trustee, in its individual or any other capacity, may become the owner or pledgee of Equipment Notes with the same rights it would have if it were not Trustee.

The Trustee shall have a lien on the Trust Estate and the proceeds thereof and Deposited Cash prior to the liens of the holders of the Equipment Notes and Manufacturer for all amounts agreed to be paid by, and for all obligations of, the Company with respect to expenses, disbursements and compensation of the Trustee.

Any moneys at any time held by the Trustee hereunder, until paid out by the Trustee as herein provided, shall, subject to the provisions of Section 6.6 hereof in respect of moneys paid to the Trustee by Manufacturer pursuant to Section 6.5 hereof, be held by it in trust as herein provided for the benefit of the holders of the Equipment Notes and of Manufacturer as holder of any Subordinate Claims.

SECTION 8.6. Within 10 days after the occurrence of any default hereunder known to the Trustee it shall give written notice thereof to all holders of Equipment Notes, unless such default shall have been cured or waived; provided, however, that in the case of any default of the character specified in subsection (d) of Section 7.1 hereof no such notice shall be given until at least 30 days after the occurrence thereof. For the purpose of this Section 8.6, the term "default" means any event which is, or after notice or lapse of time or both would become, an Event of Default.

SECTION 8.7. (a) The Trustee or any successor to the Trustee hereafter appointed may resign and be discharged of the trusts created hereby by giving notice of such resignation to the Company and to each holder of Equipment Notes in accordance with Section 10.7 hereof, specifying the date (which shall be not less than 60 days after the date of giving such notice) when such resignation shall take effect. Such resignation shall take effect on the date so specified unless previously a successor trustee shall have been appointed by the holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series then outstanding or Manufacturer as hereinbelow provided, in which event such resignation shall take effect immediately upon the appointment of such successor. The Trustee or any such successor hereafter appointed may be removed at any time by an instrument or instruments signed by the holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series then outstanding (or by Manufacturer as holder of any Subordinate Claims, if and when all sums due on account of principal of and interest on the Equipment Notes shall have been paid in full).

(b) In case at any time the Trustee or any successor to the Trustee hereafter appointed shall resign or be removed or otherwise become incapable of acting, or if the Trustee or any such successor trustee shall be taken under the control of any public officer or officers or of a

receiver appointed by a court, then (except as hereinafter provided), a successor or successors may be appointed by an instrument or instruments signed by the holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series then outstanding (or by Manufacturer as holder of any Subordinate Claims, if and when all sums due on account of principal and interest on the Equipment Notes shall have been paid in full); provided, however, that the Company, by an instrument executed by order of its Board of Directors, may appoint a successor trustee to act until a successor trustee shall be so appointed by the holders of the Equipment Notes or Manufacturer. After any such appointment by the Company, it shall give written notice thereof by mail to each holder of Equipment Notes and Manufacturer, but any new trustee so appointed by the Company shall immediately and without further act be superseded by a trustee appointed by the holders of a majority in aggregate unpaid principal amount of the Equipment Notes of each series then outstanding or Manufacturer as above provided.

(c) Any successor to the Trustee shall execute, acknowledge and deliver to its predecessor trustee, and to the Company, an instrument accepting such appointment hereunder, and thereupon such successor trustee, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers, duties and trusts of its predecessor in the trust hereunder with like effect as if originally named as trustee herein; but nevertheless, on the written request of the Company or of the successor trustee, the retiring trustee shall execute and deliver an instrument transferring to such succcessor trustee upon the trusts herein expressed all the estates, properties, rights, powers and trusts of the trustee so retiring, and shall duly assign, transfer, deliver and pay over to the successor trustee any property and moneys subject to this Agreement and held by such retiring trustee. Should any bill of sale, conveyance or instrument in writing from the Company be required by any successor trustee for more fully and certainly vesting in and confirming to such successor trustee such estates, properties, rights, powers and trusts, then on request any and all such bills of sale, conveyances and instruments in writing shall be made, executed, acknowledged and delivered by the Company.

(d) Any successor to the Trustee shall be a bank or trust company having a combined capital and surplus of at least $50,000,000 and doing

business in the Borough of Manhattan, City of New York, State of New York, and duly authorized to act as a trustee therein, if there shall be such a bank or trust company willing and legally qualified to accept and perform the trusts and duties mentioned herein upon reasonable or customary terms.

SECTION 8.8. Any corporation resulting from any merger or consolidation to which the Trustee or any successor to it shall be a party, or any corporation in any manner succeeding to all or substantially all of the business of the Trustee or any successor trustee, provided such corporation shall be a bank or trust company doing business in the Borough of Manhattan, City and State of New York, and shall have a capital and surplus aggregating at least $50,000,000, shall be the successor trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

ARTICLE NINE.

Defeasance.

SECTION 9.1. After the payment in full of principal of and interest on all of the Equipment Notes, the payment in full of all Subordinate Claims of Manufacturer constituting a lien on the Trust Estate, and the payment of all reasonable expenses incurred by the Trustee and reasonable compensation to the Trustee, (i) any money remaining in the hands of the Trustee shall be paid to the Company; (ii) all of the right, title and interest of the Trustee in and to the Trust Estate shall vest in the Company free and clear of any rights of the Trustee or the holders of Equipment Notes or Manufacturer under this Agreement; and (iii) the Trustee shall execute in proper form for recordation in such public offices as may be necessary, at the expense of the Company, such instrument or instruments in writing as shall reasonably be requested by the Company in order to make clear upon the public records the Company's title to the Trust Estate; provided, however, that until such time the Trustee's title to the Trust Estate shall not pass to or vest in the Company but shall be and remain in the Trustee as herein provided.

ARTICLE TEN.

Miscellaneous.

SECTION 10.1. With the consent of the holders of not less than 66⅔% in aggregate unpaid principal amount of the Equipment Notes of each series at the time outstanding the Company, Manufacturer and the Trustee may from time to time and at any time modify, amend or supplement this Agreement and, with like consent of such holders of Equipment Notes and the consent of the Trustee, the Company and the Railroad Trustees may from time to time and at any time modify, amend or supplement the Lease, for the purpose of adding any provisions or changing in any manner or eliminating any of the provisions hereof or thereof; provided, however, that no such modification, amendment or supplement shall extend the fixed maturities of any Equipment Note, reduce the principal amount thereof, reduce the rate or alter the time for payment of principal and interest thereon, alter the terms of Section 6.5 hereof, permit the creation of any lien ranking prior to or on a parity with the lien of this Agreement on the Trust Estate or any part thereof, except as herein expressly permitted, deprive the holder of any of the Equipment Notes then outstanding of the lien hereby created on the Trust Estate or reduce the percentage required for any action under this Section 10.1 or under Section 7.1, 7.4 or 8.7 hereof without the consent of all of the holders of Equipment Notes at the time outstanding.

The Trustee, without the consent of the holders of Equipment Notes or Manufacturer, shall be authorized in its discretion to enter into an agreement or agreements supplemental hereto providing for the confirmation of the conveyance and assignment of the Trust Equipment to the Trustee for the purposes herein provided and for the acceptance by the Trustee of the trusts created with respect thereto.

SECTION 10.2. In determining whether the holders of the required aggregate unpaid principal amount of Equipment Notes have concurred in any direction, consent or waiver under this Agreement, Equipment Notes which are owned by the Company, Manufacturer or the Railroad Trustees, or by any person directly or indirectly controlling or controlled by or under direct or indirect common control with the Company, Manufacturer or the Railroad Trustees, shall be disregarded and deemed not to be outstanding for the purpose of any such determina-

tion, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, consent or waiver only Equipment Notes which the Trustee knows are so owned shall be so disregarded.

SECTION 10.3. Any request or other instrument provided by this Agreement to be signed or executed by holders of Equipment Notes may be in any number of concurrent instruments of similar tenor, and may be executed by such holders in person or by an agent or attorney appointed by an instrument in writing. The execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or proof of the holding by any person of Equipment Notes, shall be sufficient for any purpose hereof and shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument if proved by the affidavit of a witness of such execution, or by the certificate of any notary public or of any other officer authorized to take acknowledgment of deeds to be recorded in the state where the acknowledgment may be taken, certifying that the person signing such request or other instrument acknowledged to him the execution thereof; provided, however, that execution of any document by or on behalf of any Lender shall be deemed sufficiently proved when executed in writing by an individual purporting to be an authorized officer of such Lender.

SECTION 10.4. Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, firm or corporation, other than the parties hereto and the holders of the Equipment Notes, 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 of the holders of the Equipment Notes.

SECTION 10.5. Nothing contained herein, or contained in the Lease or in any Equipment Note, shall be deemed to impose on the Trustee, Manufacturer, the Railroad Trustees or the Company any obligation to pay to the holder of any Equipment Note 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 in behalf of, or withheld from the amount payable to, the holder of any Equipment Note.

SECTION 10.6. 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 successors and assigns.

SECTION 10.7. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered or delivered to the post office postage prepaid or to the telegraph office charges prepaid addressed as follows: (a) in the case of the Company or Manufacturer, Room 2600, 767 Fifth Avenue, New York, N. Y. 10022 or at such other address as may hereafter be furnished to the Trustee in writing by the Company or Manufacturer, as the case may be, and (b) in the case of the Trustee, 130 John Street, New York, N. Y. 10038, Attention: Corporate Trust and Agency Division, or at such other address as may hereafter be furnished to the Company and Manufacturer in writing by the Trustee, and (c) in the case of the holders of Equipment Notes, the address of the original registered holders as set forth in the Loan and Financing Agreement or at such other address as may hereafter be furnished to the Trustee in writing by any such holders or the address of any subsequent holder thereof as furnished in writing to the Trustee. An affidavit by any person representing or acting on behalf of the Company, Manufacturer or the Trustee as to such mailing shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 10.8. This Agreement has been 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.

SECTION 10.9. In any case where an Installment Date is not a business day, payment of principal and interest on the Equipment Notes may be made on the next succeeding business day with the same force and effect as if made on such Installment Date.

SECTION 10.10. The provisions of this Agreement and the Equipment Notes, and all the rights and obligations of the parties hereunder and thereunder, shall be governed by the laws of the State of New York.

IN WITNESS WHEREOF, the Company, Manufacturer and the Trustee have caused their names to be signed hereto by their officers thereunto duly authorized and their corporate seals, duly attested, to be hereunto affixed, all on the respective dates of the notarial acknowledgments annexed hereto.

ELECTRO-MOTIVE LEASING CORPORATION

By _____
Vice President

Attest:

_____
Assistant Secretary

GENERAL MOTORS CORPORATION

By _____
Vice President

Attest:

_____
Assistant Secretary

UNITED STATES TRUST COMPANY OF NEW YORK, *as Trustee*

By _____
Vice President

Attest:

_____
Assistant Secretary

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On this 9TH day of October, 1973 before me personally appeared J.J. MacDonald, to me personally known, who, being by me duly sworn, says that he is a Vice President of ELECTRO-MOTIVE LEASING CORPORATION, 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 this day 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.

Virginia A. Kenney

VIRGINIA A. KENNEY
Notary Public, State of New York
No. 30-2091290
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1975

STATE OF NEW YORK }
COUNTY OF NEW YORK } SS.:

On this 8TH day of October, 1973 before me personally appeared H.W. Welch, to me personally known, who, being by me duly sworn, says that he is a Vice President of GENERAL MOTORS CORPORATION, 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 this day 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.

Virginia A. Kenney

VIRGINIA A. KENNEY
Notary Public, State of New York
No. 30-2091290
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1975

STATE OF NEW YORK }
COUNTY OF NEW YORK } ss.:

On this 11TH day of OCTOBER, 1973 before me personally appeared MALCOLM J. HOOD, to me personally known, who, being by me duly sworn, says that he is a Vice President of UNITED STATES TRUST COMPANY OF NEW YORK, 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 this day on behalf of said corporation by authority of its by-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Thomas B. Zakrzewski

THOMAS B. ZAKRZEWSKI
Notary Public, State of New York
No. 24-9820331
Qualified in Kings County
Certificate filed in New York County
Commission Expires March 30, 1974

SCHEDULE A

[FORM OF A EQUIPMENT NOTES]

ELECTRO-MOTIVE LEASING CORPORATION

A EQUIPMENT NOTE NO. .....

DATED ....., 19..

ELECTRO-MOTIVE LEASING CORPORATION, a Delaware corporation (the "Company"), for value received, promises to pay to _____

_____

or registered assigns, at the corporate trust office of United States Trust Company of New York, in the City of New York, New York, the principal sum of $_____ in lawful money of the United States of America and to pay interest on the unpaid balance of such principal sum in like money, quarterly on the 15th days of January, April, July and October in each year, at the rate of 7.75% per annum from the date hereof until such principal sum shall have become due and payable in installments or otherwise, and to pay interest at the rate of 8.25% per annum on any overdue principal and (to the extent permitted by applicable law) on any overdue interest, from the due date thereof, until the obligation of the Company with respect to the payment thereof shall be discharged. The principal hereof is payable in quarterly installments on the 15th days of January, April, July and October in each year, commencing _____ 15, 19__, as follows:

$_____ on _____ 15, 1974, and quarterly thereafter to and including October 15, 1974;

$_____ on _____ 15, 1975, and quarterly thereafter to and including October 15, 1975;

$_____ on _____ 15, 1976, and quarterly thereafter to and including October 15, 1976;

$_____ on _____ 15, 1977, and quarterly thereafter to and including October 15, 1977;

$_____ on _____ 15, 1978, and quarterly thereafter to and including October 15, 1978;

$_____ on _____ 15, 1979, and quarterly thereafter to and including October 15, 1979;

$_____ on _____ 15, 1980, and quarterly thereafter to and including October 15, 1980;

$_____ on _____ 15, 1981, and quarterly thereafter to and including July 15, 1981;

and the unpaid balance on October 15, 1981.

This is one of the Equipment Notes secured by the Equipment Note Agreement dated _____, 1973 (the "Equipment Note Agreement") among the Company, General Motors Corporation and United States Trust Company of New York, as Trustee (the "Trustee"), to which reference is hereby made for rights as to prepayment hereof or as to acceleration of the maturity hereof and as to certain guarantees and other undertakings by General Motors Corporation with respect to the Equipment Notes.

This Equipment Note is transferable on the Note Register of the Company upon its surrender for transfer at the corporate trust office of the Trustee in the City of New York, New York, accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the holder hereof, and thereupon one or more new Equipment Notes of the same series, for the same aggregate principal amount, will be issued to the designated transferee or transferees as provided in the Equipment Note Agreement. Equipment Notes are exchangeable for a like aggregate principal amount of Equipment Notes of the same series of one or more different denominations, as requested by the holder surrendering the same.

The Company and the Trustee may treat the person in whose name this Equipment Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Equipment Note be overdue, and neither the Company nor the Trustee shall be affected by notice to the contrary.

Any transfer of this Equipment Note is subject to restrictions contained in a certain Loan and Financing Agreement described in the Equipment Note Agreement, to which reference is hereby made for such restrictions.

This Equipment Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

ELECTRO-MOTIVE LEASING CORPORATION

By _____
Vice President

[FORM OF B EQUIPMENT NOTES]

ELECTRO-MOTIVE LEASING CORPORATION

B EQUIPMENT NOTE NO. .....

DATED ....., 19..

ELECTRO-MOTIVE LEASING CORPORATION, a Delaware corporation (the "*Company*"), for value received, promises to pay to _____

_____

or registered assigns, at the corporate trust office of United States Trust Company of New York, in the City of New York, New York, the principal sum of $_____ in lawful money of the United States of America and to pay interest on the unpaid balance of such principal sum in like money, quarterly on the 15th days of January, April, July and October in each year, at the rate of 8.625% per annum from the date hereof until such principal sum shall have become due and payable in installments or otherwise, and to pay interest at the rate of 9.125% per annum on any overdue principal and (to the extent permitted by applicable law) on any overdue interest, from the due date thereof, until the obligation of the Company with respect to the payment thereof shall be discharged. The principal hereof is payable in quarterly installments on the 15th days of January, April, July and October in each year, commencing _____ 15, 19__, as follows:

$_____ on _____ 15, 1974, and quarterly thereafter to and including October 15, 1974;

$_____ on _____ 15, 1975, and quarterly thereafter to and including October 15, 1975;

$_____ on _____ 15, 1976, and quarterly thereafter to and including October 15, 1976;

$_____ on _____ 15, 1977, and quarterly thereafter to and including October 15, 1977;

$_____ on _____ 15, 19__, and quarterly thereafter to and including October 15, 1987;

$_____ on _____ 15, 1988, and quarterly thereafter to and including July 15, 1988;

and the unpaid balance on October 15, 1988.

This is one of the Equipment Notes secured by the Equipment Note Agreement dated _____, 1973 (the "Equipment Note Agreement") among the Company, General Motors Corporation and United

States Trust Company of New York, as Trustee (the "Trustee"), to which reference is hereby made for rights as to prepayment hereof or as to acceleration of the maturity hereof and as to certain guarantees and other undertakings by General Motors Corporation with respect to the Equipment Notes.

This Equipment Note is transferable on the Note Register of the Company upon its surrender for transfer at the corporate trust office of the Trustee in the City of New York, New York, accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by the holder hereof, and thereupon one or more new Equipment Notes of the same series, for the same aggregate principal amount, will be issued to the designated transferee or transferees as provided in the Equipment Note Agreement. Equipment Notes are exchangeable for a like aggregate principal amount of Equipment Notes of the same series of one or more different denominations, as requested by the holder surrendering the same.

The Company and the Trustee may treat the person in whose name this Equipment Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes, whether or not this Equipment Note be overdue, and neither the Company nor the Trustee shall be affected by notice to the contrary.

Any transfer of this Equipment Note is subject to restrictions contained in a certain Loan and Financing Agreement described in the Equipment Note Agreement, to which reference is hereby made for such restrictions.

This Equipment Note shall not be valid or become obligatory for any purpose until the certificate of authentication hereon shall have been signed by the Trustee.

ELECTRO-MOTIVE LEASING CORPORATION

By _____
Vice President

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Equipment Notes described in the within-mentioned Equipment Note Agreement.

UNITED STATES TRUST COMPANY OF NEW YORK, *as Trustee*

By _____
Authorized Officer

SCHEDULE B

BILL OF SALE

General Motors Corporation (Electro-Motive Division) (Manufacturer), in consideration of the sum of one dollar, and other good and valuable consideration paid by Electro-Motive Leasing Corporation (the Company), at and before the execution and delivery of these presents, the receipt of which is hereby acknowledged, does hereby grant, bargain, sell, transfer and set over unto the Company, its successors and assigns, the following Diesel-Electric Locomotives (the Locomotives) constructed by Manufacturer which have been delivered under the Purchase Contract dated as of August 20, 1973 (the Purchase Contract) between Manufacturer and the Company:

Model	Description	Quantity	Manufacturer's Serial Number	Road Number	Date of Delivery

to have and to hold all and singular the Locomotives to the Company, its successors and assigns, for its and their own use and behoof forever. And Manufacturer hereby warrants to the Company, its successors and assigns, that at the time of delivery of each of the Locomotives (i) each Locomotive was plated and numbered in accordance with the provisions of Section 1 of the Purchase Contract; (ii) Manufacturer had legal title to and good and lawful right to sell each Locomotive; and (iii) the title of Manufacturer to each Locomotive was free and clear of all claims, liens, security interests and other encumbrances of any nature whatsoever. Manufacturer further covenants and agrees that it will defend the title to each Locomotive against the demands of all persons whomsoever based on claims originating prior to the delivery of the Locomotive by Manufacturer under the Purchase Contract.

IN WITNESS WHEREOF, Manufacturer has caused this instrument to be executed in its name by a duly authorized officer and its corporate seal to be hereunto affixed and duly attested, the ____ day of _____, 1973.

GENERAL MOTORS CORPORATION
(Electro-Motive Division)

By _____

Attest:

_____