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CABLE ADDRESSES
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RECORDATION NO. ..... Filed & Recorded

JAN 24 1977 - 12 21 PM

INTERSTATE COMMERCE COMMISSION

24A091

JAN 24 1977

Date .....

Fee $ .....

CC Washington, D. C

January 21, 1977

Dear Sir:

Pursuant to Section 20c of the Interstate Commerce Act and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of SSI Rail Corp. for filing and recordation eight counterparts of the following document:

Equipment Trust Agreement dated as of January 1, 1977, between First Security Bank of Utah, N.A., and SSI Rail Corp.

The names and addresses of the parties to the aforementioned Equipment Trust Agreement are as follows:

(1) Lessor-Assignor:

SSI Rail Corp.
Two Embarcadero Center
San Francisco, California 94111

(2) Assignee:

First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111

RECEIVED
JAN 24 12 19 PM '77
I.C.C.
FEE OPERATION BR.

Please file and record the Equipment Trust Agreement referred to in this letter and cross-index said document under the names of the Lessor-Assignor, the Assignee and Cadiz Railroad Company.

The equipment covered by the aforementioned document consists of the following:

Certified copy

One Hundred (100) 70-ton, 50'6" Boxcars, with 10" end-of-car cushioning, AAR Designation XM, bearing Road Numbers CAD 1000-1099, both inclusive.

There is also enclosed a check for $50 payable to the Interstate Commerce Commission, representing the fee for recording the Equipment Trust Agreement pursuant to 49 CFR 1116.1.

Please stamp all eight counterparts of the enclosed document and the three attached copies of this transmittal letter with your official recording stamp. You will wish to retain two copies of the instrument and the original of this transmittal letter for your files. It is requested that the six remaining counterparts of the document and the three copies of this transmittal letter be delivered to the bearer of this letter.

Very truly yours,

William R. Giusti

William R. Giusti,
As Agent for SSI Rail Corp.

Robert L. Oswald, Esq., Secretary,
Interstate Commerce Commission,
Washington, D. C. 20423.

Encls.

A

BY HAND

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

1/24/77

William R. Giusti
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 1/24/77 at 12:25pm, and assigned recordation number(s) 8673

Sincerely yours,

Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this 29th day of Dec 1977, before me personally appeared Donald H. Gleason to me personally known, who, being by me duly sworn, says that he is a Vice President of ITEL CORPORATION, Rail Division, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation acting through its Rail Division.

OFFICIAL SEAL
BARBARA F. MACK
NOTARY PUBLIC - CALIFORNIA
COUNTY OF ALAMEDA
My Commission Expires Jan. 4, 1981

Barbara F. Mack
Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 28 day of Dec 1977, before me personally appeared DEBRA J. DORFMAN to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association 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 national banking association.

Verna L Ovelawki
Notary Public

My Commission Expires November 15, 1981

[Notarial Seal]

My Commission expires

Exhibit A

The terms used in this Exhibit A shall have the respective meanings thereof set forth in the Amendment Agreement and Assumption to which this Exhibit A is attached:

Lessee Under Lease	Date of Lease	Date of Lease Assignment	Date of Filing of Lease With ICC	ICC Recor-dation Number for Lease	Date of Filing of Lease Assignment With ICC	ICC Recordation Number for Lease Assignment
Cadiz Railroad Company	11/10/76	1/24/77	1/10/77	8654	1/24/77	8654-A

RECORDATION NO. [illegible] Filed & Recorded
JAN 24 1977 [illegible] PM
INTERSTATE COMMERCE COMMISSION

SSI RAIL CORP.

EQUIPMENT TRUST

1977

Series 1

EQUIPMENT TRUST AGREEMENT

between

FIRST SECURITY BANK OF UTAH, N.A., Trustee,

and

SSI RAIL CORP.

Dated as of January 1, 1977

EQUIPMENT TRUST AGREEMENT dated as of January 1, 1977, between FIRST SECURITY BANK OF UTAH, N.A. (hereinafter called the Trustee) and SSI RAIL CORP., a Delaware corporation (hereinafter called SSI).

WHEREAS SSI has agreed to cause to be sold, transferred and delivered to the Trustee the railroad equipment described in Schedule A hereto; and

WHEREAS title to such railroad equipment is to be vested in and is to be retained by the Trustee and such railroad equipment is to be leased to SSI hereunder; and

WHEREAS SSI 9-3/4% Equipment Trust Certificates, 1977 Series 1 (hereinafter called the Trust Certificates, such term to include the singular as well as the plural number), are to be issued and sold in an aggregate principal amount not exceeding $3,080,000 and the proceeds of such sale are to be deposited in trust with the Trustee and are to constitute a fund to be known as SSI RAIL CORP. EQUIPMENT TRUST, 1977 SERIES 1, to be applied by the Trustee in payment of the cost of the Trust Equipment, the remainder of the cost thereof, if any, to be paid out of advance rentals to be paid by SSI as provided herein; and

WHEREAS SSI has agreed to give and assign to the Trustee, as security for the obligations of SSI hereunder, a security interest in all rents, moneys and proceeds due or to become due with respect to the Trust Equipment under all existing Leases or leases hereinafter entered into or otherwise; and

WHEREAS in addition to the guaranty of the Trust Certificates by SSI hereinafter referred to, ITEL Corporation, a Delaware corporation (hereinafter called ITEL), which is the owner of all the outstanding stock of SSI, is executing a Debt Servicing Agreement, hereinafter referred to, as an inducement to the purchase of the Trust Certificates by the purchaser thereof; and

WHEREAS the text of the Trust Certificates and the guaranty to be endorsed on the Trust Certificates by SSI are to be substantially in the forms annexed hereto as Schedule B; and

WHEREAS the Debt Servicing Agreement to be executed by ITEL is to be substantially in the form annexed hereto as

Schedule C; and

WHEREAS it is desired to secure to the holders of the Trust Certificates the payment of the principal thereof, as hereinafter more particularly provided, with interest thereon, as hereinafter provided, each payable as therein provided, and to evidence the rights of the holders of the Trust Certificates in substantially the form annexed hereto as Schedule B;

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

ARTICLE ONE

Definitions

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

Affiliate of any corporation shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, such corporation. For the purposes of this definition, control (including controlled by and under control with), as used with respect to any corporation, shall mean the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

Capitalized Lease shall mean any lease of real or personal property which as originally executed or as amended provides for a term (including the initial and any extended term and any period for which the lessor has the option to extend or renew the original or any extended term thereof) in excess of three years as to which SSI or a Restricted Subsidiary is the lessee.

Capitalized Lease Rentals shall mean all rentals in respect of Capitalized Leases discounted in respect of each Capitalized Lease at such rate as would, at the inception of such Capitalized Lease, cause the aggregate rentals payable under such Capitalized Lease to equal the cost of the property being leased.

Class A Notes shall mean all demand notes of SSI or any Restricted Subsidiary in the form of Subordinated Debt, held by ITEL.

Class B Notes shall mean indebtedness of SSI or a Restricted Subsidiary, excluding Class A Notes, in the form of Subordinated Debt.

Closing Date shall mean the Closing Date as defined in Paragraph 2 of the Purchase Agreement.

Consolidated, when used in relation to Funded Debt, Senior Funded Debt, Secured Debt, Short Term Debt or Subordinated Debt shall mean all such indebtedness of SSI and its Restricted Subsidiaries as would be shown on a consolidated balance sheet prepared in accordance with generally accepted accounting principles.

Consolidated Adjusted Net Worth shall mean Consolidated Net Tangible Assets minus Senior Funded Debt.

Consolidated Balance Sheet shall mean the unaudited consolidated balance sheet of SSI as at the end of the nine months' period ended September 30, 1976, delivered to the Purchaser pursuant to Paragraph 3(b) of the Purchase Agreement.

Consolidated Current Assets and Consolidated Current Liabilities shall mean the current assets and current liabilities (excluding current maturities of Funded Debt), respectively, of SSI and its Restricted Subsidiaries, computed and consolidated in accordance with generally accepted accounting principles.

Consolidated Net After Tax Income shall mean the net income of SSI and its Restricted Subsidiaries consolidated in accordance with generally accepted accounting principles, after provision for United States and all other income taxes, but excluding (i) the unremitted earnings of any subsidiary of SSI not deemed to be a Restricted Subsidiary, (ii) the earnings of any Restricted Subsidiary for any period prior to the time it became a Restricted Subsidiary, (iii) the amount by which the sum of capital gains and any extraordinary credits exceeds the sum of capital losses and any extraordinary charges, (iv) the amount of earnings from foreign sources which are not freely obtainable in such coin or currency of the United States of America as at the time shall be legal tender for the payment of

public and private debts, (v) any increase in the valuation of any asset of SSI or any Restricted Subsidiary over the valuation of such asset reported in the Consolidated Balance Sheet, and (vi) any earnings resulting from any decrease in the figure for any contingency reserve, including any reserve for taxes, of SSI or any Restricted Subsidiary, below the figure for such contingency reserve reported in the Consolidated Balance Sheet.

Consolidated Net Tangible Assets shall mean the total assets of SSI and its Restricted Subsidiaries, consolidated in accordance with generally accepted accounting principles (including leased property to which Capitalized Lease Rentals are attributed, but excluding intangible assets, foreign assets, deferred assets, unamortized debt discount and expense, the amount of any writeup or revaluation of assets and Restricted Investments) minus the sum of (i) all reserves and deductions, including those for depreciation, depletion, amortization, bad debt losses, deferred taxes, and minority interests and (ii) all liabilities other than Funded Debt or deferred taxes.

Corporate Trust Office shall mean the principal office of the Trustee in the State of Utah, city of Salt Lake City, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division.

Cost, when used with respect to Equipment, shall mean the actual cost thereof including delivery charges and taxes as set forth in the invoices of the manufacturers thereof.

Debt Service shall mean interest, principal and lease payments on Consolidated Funded Debt.

Debt Servicing Agreement shall mean an agreement executed by ITEL in the form annexed hereto as Schedule C.

Deferred Taxes shall mean (i) all deferred taxes in an amount that would appear on a balance sheet prepared in accordance with generally accepted accounting principles and (ii) all taxes appearing as a liability on such balance sheet, to the extent not otherwise included in (i), to the extent they are not due and payable within one year.

Deposited Cash shall mean the aggregate of (a) the proceeds from the sale of the Trust Certificates deposited with the Trustee pursuant to Section 2.01 hereof and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 9.04, and (b) any sums restored to Deposited Cash from rentals pursuant to Section 4.04(B)(1) and on deposit with the Trustee.

Earnings Available for Fixed Charges shall mean Consolidated Net After Tax Income plus an amount equal to the sum of interest expense on Consolidated Funded Debt (including interest attributable to Capitalized Lease Rentals), all applicable income taxes, and total rental payments attributable to Noncapitalized Leases deducted in determining Consolidated Net After Tax Income.

Equipment shall mean standard-gauge box cars, first put into use on or after September 1, 1976.

Event of Default shall mean any event specified in Section 5.01 to be an Event of Default.

Funded Debt shall mean all indebtedness of SSI and its Restricted Subsidiaries maturing after one year, as would be shown on a balance sheet prepared in accordance with generally accepted accounting principles, including (i) all indebtedness secured by SSI's or such Restricted Subsidiaries' property whether or not such indebtedness has been specifically assumed by SSI or any Restricted Subsidiary, and (ii) Capitalized Lease Rentals, but excluding the current portion of any such indebtedness.

The word holder or holders, when used with respect to Trust Certificates, shall include the plural as well as the singular number and shall mean the person in whose name such Trust Certificate is registered.

ITEL shall mean Itel Corporation and its successor or successors to it complying with the provisions of Section 10 of the Debt Servicing Agreement.

Investments shall mean (i) certificates of deposit of commercial banks incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than $50,000,000, (ii) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged

to provide for the payment of the interest and principal, in each case maturing within one year after the date of investment therein, or (iii) any repurchase agreements in respect of (i) and (ii).

Lease shall mean a lease agreement in substantially the form of Schedule D covering Equipment.

Lease Assignment shall mean an assignment of a Lease or other lease authorized pursuant to Section 4.09 hereof to the Trustee in substantially the form of Schedule E hereto executed by SSI.

Moving Average Cash Flow shall mean consolidated net income plus any credits to depreciation and any credits to Deferred Taxes minus any debits to Deferred Taxes of SSI and its Restricted Subsidiaries for the most recent twelve-month period determined in accordance with generally accepted accounting principles.

Noncapitalized Leases shall mean all leases of real or personal property, other than Capitalized Leases, under which SSI or a Restricted Subsidiary is the lessee.

Officer's Certificate shall mean a certificate signed by the President or a Vice President of SSI.

Opinion of Counsel shall mean an opinion in writing signed by legal counsel satisfactory to the Trustee and who may be counsel for SSI. The acceptance by the Trustee of, together with its action on, an Opinion of Counsel shall be sufficient evidence that such counsel is satisfactory to the Trustee.

Owner shall mean the manufacturer or owner of the Equipment transferring title thereof to the Trustee.

Pro Forma Fixed Charges shall mean the sum of (i) annual interest on or attributable to Consolidated Funded Debt to be outstanding after giving effect to the issuance of any Consolidated Funded Debt at the time proposed to be issued and (ii) the minimum annual rental attributable to Noncapitalized Leases, determined in accordance with generally accepted accounting principles.

Purchase Agreement shall mean the agreement dated as of January 1, 1977, among SSI Rail Corp., ITEL Corporation and the purchaser named in Annex I thereto.

Purchaser shall mean the purchaser named in Annex I to the Purchase Agreement.

Request shall mean a written request for the action therein specified, delivered to the Trustee, dated not more than ten days prior to the date of delivery to the Trustee and signed on behalf of SSI by the President or a Vice President of SSI.

Restricted Investment shall mean any investment or purchase by SSI or any Restricted Subsidiary in respect of any interest in any stock or other securities or evidences of indebtedness or any property whatsoever of, or any loans or advances to, any other person, firm or corporation except (i) investments in direct obligations of the United States Government or any agency thereof or in obligations guaranteed by the full faith and credit of the United States Government, in each case maturing within one year after the date of investment therein, (ii) certificates of deposit of, or time deposits with, the Trustee and/or any commercial banks in the United States having a capital and surplus aggregating at least $250,000,000, in each case maturing within one year after the date of investment therein, and (iii) investments and interests in and loans and advances to, Restricted Subsidiaries.

Restricted Subsidiary shall mean any subsidiary of SSI (i) which is incorporated and doing business primarily in the United States or Canada, (ii) the assets of which are located primarily in the United States or Canada, (iii) the majority of the common stock and 100% of all voting stock of which is owned by SSI and/or another Restricted Subsidiary and (iv) which has been designated a Restricted Subsidiary by SSI by an Officer's Certificate filed with the Trustee.

Secured Debt shall mean any indebtedness or obligation of any nature whatsoever which is secured by any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever on any property of SSI or of any Restricted Subsidiary, whether outstanding as of the date hereof or incurred, created or assumed hereafter, specifically including, but without limitation, purchase money security interests and Capitalized Leases.

Senior Funded Debt shall mean Funded Debt other than Subordinated Debt.

Short Term Debt shall mean all indebtedness of SSI and its Restricted Subsidiaries which is payable on demand or which matures within one year from the date of incurrence and which is not renewable at the option of the obligor.

SSI shall mean SSI Rail Corp. and any successor or successors to it complying with the provisions of Section 7.09.

Subordinated Debt shall mean all indebtedness of SSI and its Restricted Subsidiaries in the form of Class A Notes or Class B Notes which is fully subordinate and junior in right of payment to all other indebtedness (other than Subordinated Debt), including rental payments due or to become due with respect to the Trust Equipment, of SSI and its Restricted Subsidiaries.

Trust Certificates shall include the singular as well as the plural number and shall mean SSI Rail Corp. 9-3/4% 15 Year Equipment Trust Certificates, 1977 Series 1, issued hereunder.

Trust Equipment shall mean all Equipment at any time subject to the terms of this Agreement.

Trustee shall mean First Security Bank of Utah, N. A., and, subject to the provisions of Article Nine, any successor as trustee hereunder.

The words herein, hereof, hereby, hereto, hereunder and words of similar import refer to this Agreement as a whole and not to any particular Article, Section, paragraph or subdivision hereof.

ARTICLE TWO

Trust Certificates and Issuance Thereof

SECTION 2.01. Issuance of Trust Certificates. An amount equal to the proceeds of the sale of any of the Trust Certificates, but not less than the aggregate principal amount thereof, shall, forthwith upon the issuance thereof, be deposited in cash with the Trustee by or on behalf of SSI. The amount of such proceeds shall be specified in an Officer's Certificate delivered to the Trustee concurrently with such deposit.

Thereupon, without waiting for the recording or filing of this Agreement or of any other instrument respecting the Trust Equipment, the Trustee shall from time to time issue and deliver Trust Certificates in such aggregate principal amounts as SSI shall direct by Request.

Subject to the provisions of Section 2.05 of this Agreement, the aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of $3,080,000, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

SECTION 2.02. Interests Represented by Trust Certificates; Interest; Maturity. Each of the Trust Certificates shall represent an interest in the amount therein specified in the trust created hereunder.

The Trust Certificates shall be payable as follows: interest only shall be payable on the principal amount on March 31, 1977; thereafter, principal and interest payments shall be made in 60 consecutive substantially equal quarterly instalments on March 31, June 30, September 30, and December 31 in each year commencing June 30, 1977, calculated so that the aggregate of principal and interest payments payable on each such date shall be substantially equal and such instalments of principal shall completely amortize the principal amount of the Equipment Trust Certificates. The Trustee shall furnish to each holder of Trust Certificates at the time of issuance thereof a schedule showing the payments of principal and interest to be made therein.

The Trust Certificates are prepayable on or after January 1, 1988, as a whole, at the option of SSI, on not less than 30 days' prior notice given as provided in Section 10.05 hereof, at the following prepayment prices (expressed in percentages of principal amount), together with, in each case, accrued and unpaid interest to the date fixed for prepayment:

If Prepaid During 12-Month Period Commencing January 1	Optional Prepayment Price
1988	106.09%
1989	104.88
1990	103.66
1991	102.44
1992	101.22

but without premium if paid at maturity.

Interest on the Trust Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

The Trust Certificates are issuable in any denomination equal to or greater than $100,000 or, with the consent of SSI, in any denomination less than $100,000.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Cercate (the responsibility of such holder to be satisfactory to SSI) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the instalments of principal amount represented thereby theretofore paid in whole or in part, the Trustee will mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Trustee; provided, however, that this paragraph shall not apply to the Purchaser of the Trust Certificates if, at the time payments of principal or interest are to be made, the Purchaser is a holder of Trust Certificates, and SSI may direct the Trustee by Request to make payments of principal and interest to the Purchaser of Trust Certificates or to any other purchaser approved by SSI by check or wire transfer of immediately available funds (to the extent SSI makes such funds available to the Trustee) at their "home office" address which address shall be supplied to the Trustee by SSI.

SECTION 2.03. Forms of Trust Certificates and Guaranty. The Trust Certificates and the guaranty to be endorsed on the Trust Certificates by SSI as provided in Section 6.01 shall be in substantially the form annexed hereto as Schedule B.

SECTION 2.04. Execution by Trustee. The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of an Autho-

rized Officer of the Trustee and its corporate seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Assistant Secretaries. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.05. Characteristics of Trust Certificates.

(a) The Trust Certificates shall be registered, as to both principal and interest, in the name of the holder; shall be transferable in whole or in part and exchangeable for Trust Certificates of other denominations of equal aggregate outstanding principal amount upon presentation and surrender thereof for registration of transfer or exchange at the Corporate Trust Office, accompanied, in the case of transfer, by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by duly authorized attorney in fact, in form satisfactory to the Trustee; shall, in connection with the initial issuance of Trust Certificates, be dated as of the date of issue and shall, in connection with Trust Certificates issued in exchange for or upon registration of transfer of another Trust Certificate or Certificates, be dated as of the date to which interest has been paid or shall, if no interest has been paid thereon, be dated as of the date of initial issuance; and shall entitle the registered holder to interest from the date thereof.

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

(c) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration and

registration of transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purposes, the Trustee shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

(d) For any registration, registration of transfer or exchange, the Trustee shall require payment by the person requesting same of a sum sufficient to reimburse it for any governmental charge connected therewith.

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

(f) The Trustee shall not be required to issue, transfer or exchange Trust Certificates for a period of ten days next preceding any interest payment date.

SECTION 2.06. Replacement of Lost Trust Certificates. In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. SSI shall execute its guaranty on any Trust Certificate so delivered. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee and to SSI evidence to their satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Trust Certificate, and also shall furnish such security or indemnity as may be required by the Trustee and by SSI in their discretion (it being understood that a letter

of indemnity from the original purchaser of the Trust Certificates shall be deemed acceptable by the Trustee and SSI). All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutiliated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE THREE

Acquisition of Trust Equipment by Trustee; Deposited Cash

SECTION 3.01. Acquisition of Equipment by Trustee. SSI shall cause to be sold to the Trustee, as trustee for the holder of the Trust Certificates, on the Closing Date all the Equipment described in Schedule A hereto, all of which SSI represents and warrants will be new Equipment newly constructed and first put into service on or after September 1, 1976.

In the event that SSI shall deem it necessary or desirable to procure for the use of SSI, and to include in the trust hereby created, other new Equipment in lieu of any units of the Equipment specifically described in Schedule A hereto prior to the acceptance of such Equipment by the Trustee, or in the event that any unit of the Equipment described in Schedule A hereto shall suffer a Casualty Occurrence, as defined in Section 4.08, before being accepted by the Trustee pursuant to this Section and Section 3.04, SSI may cause to be sold to the Trustee such other new Equipment to be substituted under the trust, in each case subject to compliance with the provisions of Section 3.04.

SECTION 3.02. Payment of Deposited Cash. When and as any Equipment shall have been accepted by the Trustee or its agent or agents pursuant to Sections 3.01 and 3.04(a), the Trustee shall (subject to the provisions of Section 3.03) pay, upon Request, to the Owner of the accepted Equipment out of Deposited Cash then held by the Trustee an amount not exceeding 80% of the aggregate Cost of such Equipment, as such Cost is specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.04(b).

SECTION 3.03. Payment of Deficiency. SSI covenants

that, contemporaneously with any payment by the Trustee pursuant to Section 3.02, it will either (a) pay to the Trustee the advance rental provided in Section 4.04 (A), and thereupon the Trustee shall, upon Request, pay to the Owner of the accepted Equipment, by the use of such advance rental, the portion of the aggregate Cost of such Equipment not paid out of Deposited Cash as provided for in Section 3.02 or (b) deliver to the Trustee an executed counterpart of a receipt from such Owner evidencing the direct payment by SSI to such Owner of that portion of the Cost of such Equipment equal to the amount of advance rental required to be paid to the Trustee pursuant to clause (a) of this sentence in respect of such Equipment or (c) if SSI is the Owner of such Equipment, deliver to the Trustee a copy of the invoice and the bill of sale from the original manufacturer of such Equipment together with an Officer's Certificate certifying that such invoice and bill of sale are true and correct and that the manufacturer has been paid in full. The intention of this Section is that SSI shall ultimately pay or absorb not less than 20% of the aggregate Cost of all the Equipment accepted by the Trustee as Trust Equipment pursuant to this Article Three, and the Trustee and SSI shall at any time, if occasion arises, adjust their accounts and payments to the end that the Trustee shall pay with Deposited Cash not more than 80% of such aggregate Cost and SSI shall pay or absorb the remainder, to be not less than 20% of such Cost.

SECTION 3.04. Supporting Papers. The Trustee shall not pay out any Deposited Cash for the purchase of any unit of Equipment unless and until it shall have received:

(a) a bill of sale covering such unit of Equipment from the Owner to the Trustee, which bill of sale shall specify such unit of Equipment described therein by number or numbers and shall contain a warranty or guaranty to the Trustee that the title of such unit of Equipment described therein is free from all claims, liens, security interests and other encumbrances (except for this Agreement and any Lease and Lease Assignment specified in subparagraph (f) of this paragraph) and the receipt of such bill of sale by the Trustee shall constitute acceptance by the Trustee hereunder of such unit of Equipment as Trust Equipment;

(b) an Officer's Certificate, which shall state (i) that such unit of Equipment is Equipment as herein defined, has been marked in accordance with Section 4.07

hereof and was not put into service prior to a date specified therein and (ii) that the Cost of such unit of Equipment is an amount therein specified or is not less than an amount therein specified;

(c) an invoice from the Owner of such unit of Equipment having endorsed thereon a certification by SSI as to the correctness of the price stated therein;

(d) an Opinion of Counsel for the Owner or SSI to the effect that such bill of sale is valid and effective, either alone or in connection with any other instrument referred to in and accompanying such opinion, to vest in the Trustee title to such unit of Equipment free from all claims, liens, security interests and other encumbrances (except for this Agreement and any Lease and Lease Assignment specified in subparagraph (f) of this paragraph);

(e) an executed counterpart of the Debt Servicing Agreement;

(f) an executed counterpart of a Lease or Leases between SSI and one of the short-line railroads specified in Schedule F hereto (or any other short-line railroad approved by the holders of not less than 66-2/3% of the aggregate unpaid principal amount of the Trust Certificates then outstanding) and of a Lease Assignment or Assignments covering each unit of Trust Equipment; and

(g) an opinion of Messrs. Brobeck, Phleger & Harrison, counsel for SSI, or an opinion of other independent counsel satisfactory to the Trustee, to the effect that (i) this Agreement and the Leases and the Lease Assignments referred to in subparagraph (f) above, have been duly authorized, executed and delivered by SSI and constitute legal, valid and binding obligations (said counsel being permitted to assume the due authorization, execution and delivery of such Leases by the lessees thereunder), subject, as to the enforcement of remedies, to any applicable bankruptcy, reorganization, insolvency, moratorium or other laws affecting the enforcement of creditors' rights generally from time to time in effect, (ii) the Trustee is vested with a valid first and prior perfected security interest in and to SSI's interest in such Leases and all rents, moneys and proceeds due or to become due thereunder in so far as such interest relates to the Trust Equipment and with a first and prior perfected security interest in each such unit of Trust

Equipment, (iii) this Agreement and such Lease Assignments have been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and (iv) no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment or such Lease Assignments, or this Agreement in any state of the United States of America or the District of Columbia.

Any Officer's Certificate delivered pursuant to this Section may state that the Cost of the Equipment therein referred to is tentatively determined, subject to final adjustment to be evidenced in a final Officer's Certificate to be delivered to the Trustee.

If the aggregate Cost, as specified in the certificates theretofore delivered to the Trustee pursuant to this Section, of the Trust Equipment accepted by the Trustee pursuant to this Article Three shall be less than 125% of the aggregate principal amount of Trust Certificates issued pursuant to Section 2.01, SSI will cause to be assigned and transferred to the Trustee additional Equipment in such amount and of such Cost that the aggregate Cost of the Trust Equipment will be at least equal to 125% of the aggregate principal amount of said Trust Certificates, and will concurrently deliver to the Trustee the documents specified in paragraphs (a) through (g) of this Section with respect to such additional Equipment. If on or before December 31, 1977, such assignment or transfer is not made as aforesaid the Trustee shall apply the excess balance of Deposited Cash to the prepayment of Trust Certificates in like manner as is provided in the second paragraph of Section 4.08.

ARTICLE FOUR

Lease of Trust Equipment to the Company

SECTION 4.01. Lease of Trust Equipment. The Trustee does hereby let and lease all the Trust Equipment to SSI, for a period ending March 31, 1992.

SECTION 4.02. Equipment Automatically Subjected. As and when any Equipment shall from time to time be accepted hereunder by the Trustee or its agent or agents, the same shall, ipso facto and without further instrument of lease or transfer, become subject to all the terms and provisions

hereof.

SECTION 4.03. Additional and Substituted Equipment Subject Hereto. In the event that SSI shall, as provided in Sections 3.01, 3.04, 4.06 or 4.08, elect to cause to be sold to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described or subjected hereto, such other Equipment shall be included as part of the Trust Equipment by supplement hereto to be executed by the Trustee and SSI and to be recorded with the Interstate Commerce Commission pursuant to the requirements of Section 20c of the Interstate Commerce Act. Such Equipment shall be subject to all the terms and conditions hereof in all respects as though it had originally been part of the Equipment herein specifically described.

SECTION 4.04. Rental Payments. SSI hereby accepts the lease of all the Trust Equipment; and SSI covenants and agrees to pay to the Trustee at the Corporate Trust Office (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rental hereunder which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the acceptance of and lease to SSI of any unit of the Trust Equipment):

(A) SSI shall pay to the Trustee as hereinafter provided, as advance rental hereunder, sums which in the aggregate shall be equal to the difference between the aggregate Cost of the Trust Equipment (other than Trust Equipment subjected hereto pursuant to Section 4.06) and the portion of such Cost to be provided out of Deposited Cash as provided for in Section 3.02.

(B) In addition to such advance rental, SSI shall pay to the Trustee, as hereinafter provided, as rental for the Trust Equipment (notwithstanding that any of the Trust Certificates shall have been acquired by SSI or any Affiliate of SSI or shall not have been presented for payment), the following:

(1) (a) the expenses of the trust hereby created, including but not limited to compensation and expenses provided for herein, and (b) an amount

equal to any expenses incurred or loss of principal (including interest accrued thereupon at the time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments;

(2) any and all taxes, assessments and governmental charges upon or on account of the income or property of the trust, or upon or on account of this Agreement, which the Trustee as such may be required to pay;

(3) (a) the amounts of the interest payable on the Trust Certificates, when and as the same shall become payable, and (b) interest at the rate of 10-3/4% per annum from the due date, upon the amount of any instalments of rental payable under this and the following subparagraph which shall not be paid when due, to the extent legally enforceable; and

(4) the instalments of principal of all the Trust Certificates (except as such sum may be reduced due to prepayments made pursuant to the terms hereof), when and as the same shall become payable, whether upon the date of maturity thereof or by declaration or otherwise.

All payments made under this Section and Sections 2.02, 3.03, 4.06 and 4.08 shall be made by wire transfer in immediately available Salt Lake City or Federal funds at or before 11:00 a.m. local Salt Lake City time, on the date such payments are due.

Nothing contained herein or in the Trust Certificates shall be deemed to impose on the Trustee or on SSI (except as provided in Section 4.04(B)(2)) any obligation to pay to the registered holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America, or of any state, county, municipality or other taxing authority thereof, to be paid in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate.

SSI shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, provided that, in the judgment of the Trustee and as set forth

in an Opinion of Counsel which shall have been furnished to the Trustee, the rights or interests of the Trustee or of the holders of the Trust Certificates may not be materially endangered thereby.

SECTION 4.05. Termination of Trust and Lease. After all payments due or to become due from SSI hereunder shall have been completed and fully made to the Trustee (1) such payments shall be deemed to represent payment of the full purchase price for SSI's purchase at such time of the Trust Equipment from the Trustee, (2) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee, including its reasonable compensation, shall be paid to SSI, (3) title to all the Trust Equipment shall vest in SSI and (4) the Trustee shall execute for record in public offices, at the expense of SSI, such instrument or instruments in writing as reasonably shall be requested by SSI in order to make clear upon public records SSI's title to all the Trust Equipment under the laws of any jurisdiction; provided, however, that until that time title to the Trust Equipment shall not pass to or vest in SSI, but title to and ownership of all the Trust Equipment shall be and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by SSI pursuant to the terms of this Agreement.

SECTION 4.06. Substitution, Replacement and Release of Trust Equipment. Upon Request, the Trustee shall, at any time and from time to time, execute and deliver a bill of sale assigning and transferring to the transferee named by SSI all the right, title and interest of the Trustee in and to any or all of the units of Trust Equipment; provided, however, that (a) there shall be paid to the Trustee cash in an amount not less than the value, as of the date of such Request, of the units of Trust Equipment to be assigned or transferred by the Trustee or (b) if no Event of Default shall have occurred and be continuing, there shall be conveyed to the Trustee at the time of assignment or transfer of any units of Trust Equipment, other units of Equipment of a value not less than the value of, as of the date of such Request, the units of Trust Equipment to be assigned or transferred and having an estimated useful life beyond March 31, 1992.

At the time of delivery of any Request pursuant to the first paragraph of this Section, SSI shall, if other

Equipment is to be conveyed to the Trustee in substitution for the Trust Equipment to be assigned or transferred by the Trustee, deliver to the Trustee the following papers:

(1) an Officer's Certificate certifying (i) the value, as of the date of said Request, of the Trust Equipment so to be assigned or transferred by the Trustee, the date such Trust Equipment was first put into service (or that such Trust Equipment was first put into service not later than a specified date), and that such Trust Equipment is being sold by SSI to a person other than an Affiliate of SSI, (ii) the value of such substituted Equipment as of such date and the date such substituted Equipment was first put into service or that such substituted Equipment was first put into service not earlier than a specified date, (iii) that each unit so to be substituted is Equipment as herein defined, (iv) that each unit so to be substituted has an estimated useful life beyond March 31, 1992, (v) that each such unit so to be substituted has been marked as provided in Section 4.07 hereof, and (vi) that no default hereunder has occurred or is continuing;

(2) a certificate, an invoice or invoices and a bill or bills of sale in respect of such substituted Equipment as provided for in subparagraphs (a) and (c) of the first paragraph of Section 3.04 (acceptance of such bill or bills of sale by the Trustee to constitute acceptance by the Trustee hereunder of such Equipment);

(3) an executed counterpart of a Lease and a Lease Assignment covering such substituted Equipment, such Lease to be to a short-line railroad in the United States (as evidenced by an Officer's Certificate); and

(4) an Opinion of Counsel to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Trustee title to such substituted Equipment free from all claims, liens, security interests and other encumbrances (except for any Lease in respect thereof), (ii) that a proper supplement hereto in respect of each substituted unit of Equipment and the Lease and Lease Assignment referred to in subparagraph (3) above have been duly authorized, executed and delivered by the

parties thereto and have been recorded with the Interstate Commerce Commission pursuant to the requirements of Section 20c of the Interstate Commerce Act, and no other filings or recordations are necessary for the protection of the rights of the Trustee in and to such unit of Equipment, or such Leases, or this Agreement, in any state of the United States or the District of Columbia.

At the time of delivery of any Request pursuant to the first paragraph of this Section, SSI shall, if cash is to be paid to the Trustee in respect of the Trust Equipment to be assigned or transferred by the Trustee, deliver to the Trustee papers corresponding to those set forth in the second paragraph of this Section, with such appropriate modifications as may be approved by the Trustee.

Cash deposited with the Trustee pursuant to this Section or Section 4.08 shall, from time to time, so long as no Event of Default shall have occurred and be continuing, be paid over by the Trustee to SSI upon Request, against conveyance to the Trustee of units of Equipment having a value, as of the date of said Request, not less than the amount of cash so paid and having an estimated useful life beyond March 31, 1992, and upon delivery to the Trustee of papers corresponding to those set forth in the second paragraph of this Section, with such appropriate modifications as may be approved by the Trustee; provided, however, that cash on deposit with the Trustee at any time when an Event of Default shall have occurred and be continuing shall be applied by the Trustee to prepay without premium Trust Certificates.

For all purposes of this Section, where value is required to be determined in an Officer's Certificate or in connection with a Request, value shall be determined as follows (and the manner of such determination set forth in each Officer's Certificate furnished in respect thereof including a statement of actual fair value):

(1) the value of any unit of Trust Equipment assigned or transferred by the Trustee as provided in this Section shall be deemed to be the greater of (a) the actual fair value thereof or (b) the Cost thereof as theretofore certified to the Trustee less 1/15 of such Cost for each full period of one year elapsed between (i) the later of March 31, 1977, and the date such unit was first put into use, as certified to the

Trustee, and (ii) the date of the Request furnished pursuant to this Section; and

(2) the value of any unit of Equipment conveyed to the Trustee as provided in this Section shall be deemed to be the lesser of (a) the actual fair value thereof or (b) the original Cost of such unit less 1/15 of such Cost for each full period of one year elapsed between (i) the later of March 31, 1977, and the date such unit was first put into use, as certified to the Trustee, and (ii) the date of the Request furnished pursuant to this Section.

SECTION 4.07. Marking of Trust Equipment. SSI has caused each unit of Trust Equipment before delivery of each such Unit to be marked plainly, distinctly, permanently and conspicuously on each side of each unit of the Trust Equipment, in letters not less than one inch in height, the following legend:

"OWNED SUBJECT TO A SECURITY
INTEREST FILED UNDER THE
INTERSTATE COMMERCE ACT, SECTION 20c".

Such marks shall be such as to be readily visible.

If any of such marks shall at any time be removed, defaced or destroyed, SSI shall cause the same to be restored or replaced. SSI shall not change, or permit to be changed, the numbers of any of the Trust Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Trustee and which shall be filed and recorded by SSI in like manner as this Agreement.

The Trust Equipment may be lettered in an appropriate manner for convenience of identification of the leasehold interest of SSI therein, and may also be lettered in the case of any of the leases permitted in Section 4.09 hereof in such manner as may be appropriate for convenience of identification of such leasehold interest therein; but SSI, during the continuance of any lease provided for herein, will not allow the name of any person, firm, association or corporation to be placed on any of the Trust Equipment as a designation which might reasonably be interpreted as a claim of ownership thereof by SSI or by any person, firm, association or corporation

other than the Trustee; provided, that the Trust Equipment may be lettered with the names or initials or other insignia customarily used by SSI or its Affiliates or lessees.

SECTION 4.08. Maintenance of Trust Equipment; Casualty Occurrences. SSI agrees that it will maintain or cause to be maintained and keep all the Trust Equipment in good order and proper repair at no cost or expense to the Trustee, unless and until it becomes worn out, unsuitable for use, lost, destroyed or damaged beyond economical repair (herein called a Casualty Occurrence). Whenever any unit of the Trust Equipment shall suffer a Casualty Occurrence SSI shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the value to SSI thereof as of the date such Trust Equipment suffered such Casualty Occurrence. When the total value of all units of the Trust Equipment having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Trustee pursuant to this Section) shall exceed $50,000, SSI, within 30 days of such event, shall deposit with the Trustee an amount in cash equal to the value of such units as of the date of the Casualty Occurrence in respect of each thereof. The rights and remedies of the Trustee to enforce or to recover any of the rental payments shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, the value of any unit of Trust Equipment (other than a replacement unit) shall be deemed to be that amount which bears the same ratio to that portion of the original Cost thereof paid by the Trustee pursuant to Section 3.02 as the aggregate unpaid principal amount of the Trust Certificates (without giving effect to any prepayments then or theretofore made pursuant to this Agreement), as of the date payment is made with respect to such Casualty Occurrence, bears to the aggregate principal amount of the Trust Certificates issued pursuant to Section 2.01. The value of each replacement unit shall be deemed to be that amount which bears the same ratio to the value thereof (determined as provided in Section 4.06) as the unpaid aggregate principal amount of the Trust Certificates (without giving effect to any prepayments then or theretofore made pursuant to this Agreement), as of the date payment is made with respect to such Casualty Occurrence, bears to the unpaid aggregate principal amount of the Trust Certificates (without giving effect to any such prepayments) as of the date of acquisition by SSI of such

replacement unit. Cash deposited with the Trustee pursuant to this Section shall be held and applied at the election of SSI (as evidenced by a Request) either (i) as provided in the fourth paragraph of Section 4.06 if an Event of Default shall not have occurred and be continuing or (ii) to prepay without premium the principal of the Trust Certificates as hereinafter provided; and shall be applied as provided in clause (ii) if an Event of Default shall have occurred and be continuing.

In the event moneys deposited pursuant to this Section, Section 3.04 or Section 4.06 are to be applied to the prepayment of instalments of principal, such prepayment shall be made on the instalment date next succeeding the Request therefor (or on the instalment date next succeeding the deposit in case an Event of Default shall have occurred and be continuing) and shall be allocated by the Trustee to each outstanding Trust Certificate, as near as may be, in the same proportion as the unpaid principal amount thereof bears to the aggregate unpaid principal amount of all the Trust Certificates and shall be credited pro rata against each instalment of principal due thereon, in proportion to the principal amount represented by each such instalment. Upon any such prepayment, the Trustee shall deliver to the holder of Trust Certificates a certificate showing the revised principal and interest to be made therein.

SSI agrees to furnish to the Trustee, on or before April 1 in each year commencing with 1978, an Officer's Certificate dated as of the preceding December 31, (1) stating the amount, description and numbers of all Trust Equipment that may have suffered a Casualty Occurrence or are then withdrawn for repairs (other than running repairs) since the date of the last preceding statement (or the date of this Agreement in the case of the first statement), (2) identifying the units of Trust Equipment then being leased by SSI as permitted hereunder (including the name of the lessee, the term of the lease and the date of the agreement pursuant to which such Trust Equipment is leased) and specifying which units of Equipment are not then being leased by SSI and (3) certifying that SSI is not in default under any provision of this Agreement or specifying all such defaults and the action being taken by SSI to remedy the same. The Trustee, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect, at the expense of SSI, the Trust Equipment, and SSI covenants in that event to furnish to the Trustee all reasonable facilities for the

making of such inspection.

SECTION 4.09. Possession of Trust Equipment; Security Interest in Leases. Except as provided in this Section, SSI will not assign or transfer its rights hereunder, or transfer or lease the Trust Equipment or any part thereof, without the written consent of the Trustee first had and obtained; and SSI shall not, without such written consent, except as herein permitted, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment.

So long as SSI shall not be in default under this Agreement, SSI shall be entitled to the possession of the Trust Equipment, and also to maintain, modify, alter, amend, terminate or enter into Leases and other leases of the Trust Equipment and to permit its use by, a lessee or user in the United States of America (or any state thereof or the District of Columbia) or in the Dominion of Canada or any Province or Territory thereof or in the Republic of Mexico, all subject, however, to the rights and remedies of the Trustee hereunder; provided, however, (1) each such Lease or other lease shall be assigned to the Trustee pursuant to an assignment in substantially the form of a Lease Assignment, (2) SSI shall not without the prior written consent of holders of at least a majority in aggregate unpaid principal amount of the Trust Certificates enter into any leases or car contracts relating to the use of Trust Equipment with any lessee or user which is not a railroad company duly incorporated under the laws of the United States or any state thereof, and (3) not more than 10% of the units of Trust Equipment shall be used or located at any one time in the Dominion of Canada or any Province or Territory thereof and/or in the Republic of Mexico.

SECTION 4.10. Indemnity. Subject to the provisions of Section 9.02 hereof, SSI covenants and agrees to indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants, and the holders of the Trust Certificates, against any and all claims (including, without limitation, claims involving strict or absolute liability), liabilities, obligations, damages, penalties, taxes (other than income taxes on fees or other compensation received by the Trustee in its capacity as Trustee hereunder and other than income taxes on payments of principal of and interest on the Trust Certificate and any other payments to the holders thereof

hereunder), actions, costs, suits, expenses or disbursements (including, without limitation, legal fees and expenses), or losses of any kind or nature whatsoever which may be imposed on or asserted against the Trustee and its respective successors, assigns, legal representatives, agents and servants or against the holders of the Trust Certificates or losses arising out of or connected with the ownership, lease, use, sublease, operation, manufacture, purchase, acceptance, rejection, delivery, possession, maintenance, condition, registration, recording, sale, return, storage, or other disposition of any of the Trust Equipment, and particularly against any and all claims, liabilities or losses arising out of the use of any patented inventions in and about the Trust Equipment, and to comply in all respects with the laws of the United States of America and of all the states and other jurisdictions in which the Trust Equipment, or any unit thereof, may be operated, and with all lawful acts, rules, regulations and orders of any commissions, boards and other legislative, executive, administrative or judicial bodies or officers having power to regulate or supervise any of the Trust Equipment, including without limitation all lawful acts, rules, regulations and orders of any body having competent jurisdiction relating to automatic coupler devices or attachments, air brakes or other appliances; provided, however, that SSI may in good faith contest the validity of any such law, act, rule, regulation or order, or the application thereof to the Trust Equipment or any part thereof, in any reasonable manner which will not in the judgment of the Trustee materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates. SSI shall not be relieved from any of its obligations hereunder by reason of the assertion or enforcement of any such claims or the commencement or prosecution of any litigation in respect thereof.

ARTICLE FIVE

Events of Default and Remedies

SECTION 5.01. Events of Default. SSI covenants and agrees that in case:

(a) SSI shall default in the payment of any part of the rental payable hereunder (including advance rental) or any amount payable pursuant to its guaranty of the Trust Certificates for more than five days after the same shall have become due and payable; or

(b) SSI shall suffer any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided in subparagraph (1) of the last paragraph of Section 4.06), of such Trust Equipment (any sum so deposited to be returned to SSI upon the cancelation of such assignment, transfer or lease and the recovery of possession by SSI of such Trust Equipment); or

(c) SSI shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof (other than those set out in Sections 7.01, 7.04, 7.10, 7.11 and 7.13 of this Agreement), of the Purchase Agreement or of any Lease Assignment on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance: or

(d) the lease by the Trustee provided for herein shall be terminated by operation of law; or

(e) ITEL shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any of the terms and covenants of the Debt Servicing Agreement (other than those set out in Sections 12 and 17 of the Debt Servicing Agreement) or the Purchase Agreement: or

(f) an event of default arising out of any action or inaction of SSI permitting the acceleration of SSI's obligations thereunder shall occur and be continuing under any conditional sales agreement, leveraged lease agreement, equipment trust agreement or any other financing agreement or agreement relating to any indebtedness for borrowed money to which SSI is a party; provided, however, that this subsection (f) shall not be deemed to refer to an event of default under any financing agreement or agreement relating to any indebtedness for bor-

rowed money to the extent that such event of default is with respect to any failure by SSI to pay when due interest on or principal of indebtedness under such agreement and ITEL makes such payment or payments as to which SSI is in default as provided in such agreement or in any agreement referred to therein;

(g) any representation or warranty made by SSI or ITEL herein or in any writing furnished in connection with or pursuant to this Agreement, the Purchase Agreement or the Debt Servicing Agreement shall be false in any material respect as of the date as of which made; or

(h) a decree or order shall have been entered by a court of competent jurisdiction adjudging SSI or ITEL a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of SSI or ITEL under the Bankruptcy Act, or any other Federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of SSI or ITEL (unless such decree or order shall have been discharged, stayed or otherwise rendered ineffective [but then only so long as such stay shall continue in force or such ineffectiveness shall continue]); or

(i) SSI or ITEL shall institute proceedings to be adjudicated a bankrupt or insolvent or shall consent to the institution of bankruptcy or insolvency proceedings against it or shall file a petition or answer or consent seeking reorganization or relief under the Bankruptcy Act or any other Federal or state law relating to bankruptcy or insolvency or shall consent to the filing of any such petition or shall consent to the appointment of a receiver or shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts generally as they become due, or action shall be taken by SSI or ITEL in furtherance of any of the aforesaid purposes; or

(j) SSI shall be in default in its observance or performance of any of its covenants or agreements set out in Sections 7.01, 7.04, 7.10, 7.11 and 7.13 hereof and concurrently therewith ITEL shall be in default in its observance or performance of any of its covenants or agreements set out in Sections 12 and 17 of the Debt Servicing Agreement and such concurrent defaults shall continue for 30 days after written notice from the Trustee to SSI and ITEL specifying such defaults and demanding that the same be remedied:

then, in any such case (herein sometimes called an Event of Default), the Trustee in its discretion may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to SSI, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such declaration) payable by SSI, as set forth in Section 4.04 and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of 10-3/4% per annum, to the extent legally enforceable, on any portion thereof overdue.

In case any one or more Events of Default shall happen, the Trustee in its discretion also may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to SSI, declare the unpaid principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

In case SSI shall fail to pay any instalment of rental payable pursuant to Section 4.04(B)(3) or (B)(4) when and as the same shall have become due and payable hereunder, and such default shall have continued for a period of ten days, the Trustee, in its own name and as trustee of an express trust, shall be entitled and empowered to institute any action or proceedings at law or in equity for the collection of the rentals so due and unpaid, and may prosecute any such action or proceedings to judgment or final decree, and may enforce any such judgment or final decree against SSI or other obligor upon the Trust Certificates or against ITEL under the Debt Servicing Agreement and collect in the manner provided by law out of the property of SSI or other obligor upon the Trust Certificates or of ITEL upon the Debt Servicing Agreement wherever situated the moneys adjudged or decreed to be payable.

In case there shall be pending proceedings for the bankruptcy or for the reorganization of SSI or ITEL under the Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of SSI or ITEL, or in case of any other judicial proceedings relative to SSI or ITEL, or to the creditors or

property of SSI or ITEL, the Trustee, irrespective of whether the rental payments hereunder or the unpaid principal amount of the Trust Certificates shall then be due and payable as herein or therein expressed whether by declaration or otherwise and irrespective of whether the Trustee shall have made any demand or declaration pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or otherwise, to file and prove a claim or claims for the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such payment of all amounts due), and to file such other papers or documents as may be necessary or advisable in order to have the claims of the Trustee (including any claim for reasonable compensation to the Trustee, its agents, attorneys and counsel, and for reimbursement of all expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct) and of the holders of the Trust Certificates allowed in such proceedings and to collect and receive any moneys or other property payable or deliverable on any such claims, and to distribute all amounts received with respect to the claims of the holders of the Trust Certificates and of the Trustee on their behalf; and any receiver, assignee or trustee in bankruptcy or reorganization is hereby authorized by each of the holders of the Trust Certificates to make payments to the Trustee, and, in the event that the Trustee shall consent to the making of payments directly to the holders of the Trust Certificates, to pay to the Trustee such amount (which to the extent necessary shall be deducted and paid from the amounts payable to the holders) as shall be sufficient to cover reasonable compensation to the Trustee, its agents, attorneys and counsel, and all other expenses and liabilities incurred, and all advances made, by the Trustee except as a result of its gross negligence or wilful misconduct.

Without in any way limiting the rights and remedies of the Trustee under this Agreement, and regardless of whether or not the Trustee exercises its rights and remedies under this Agreement, the Trustee shall be entitled to enforce all rights and remedies it may have under the Debt Servicing Agreement.

All rights of action and to assert claims under this Agreement, under the Debt Servicing Agreement or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings

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

SECTION 5.02. Remedies. In case of the happening of any Event of Default, the Trustee may by its agents enter upon the premises of SSI and of any Affiliate or of any lessee (or other person having acquired the use of the Trust Equipment) where any of the Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid per diem, incentive per diem, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by SSI and the unpaid principal of all the then outstanding Trust Certificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of SSI at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale for cash or upon credit in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto; provided, however, that the Trustee shall not be entitled to enforce the remedies provided in this sentence with respect to an Event of Default specified in Section 5.01(a) hereof as long as ITEL shall be in compliance with the provisions of the Debt Servicing Agreement. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that SSI may and shall have a

reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal, lease or sale of the Trust Equipment, SSI shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by SSI and no payments theretofore made by SSI for the rent or use of the Trust Equipment or any of it shall give to SSI any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking of possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from SSI of rentals then or thereafter due and payable, or of principal and interest in respect of the Trust Certificates, and SSI shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the obligations of SSI under this Agreement.

SECTION 5.03. Application of Proceeds. If the Trustee shall exercise any of the powers conferred upon it by Section 5.01 and 5.02, all payments made by SSI or ITEL to the Trustee, and the proceeds of any judgment collected from SSI or ITEL by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee to the payment in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of 10-3/4% per annum, to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the rate of 10-3/4% per annum, to the extent legally enforceable, from the last preceding interest payment date, whether or not such Trust Certificates shall have been matured by their terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then pro rata without preference between principal and interest.

After all such payments shall have been made in full, the title to any of the Trust Equipment remaining unsold shall be conveyed by the Trustee to SSI free from any

further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, SSI agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to SSI.

SECTION 5.04. Waivers of Default. Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of not less than 66-2/3% in aggregate unpaid principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive by an instrument in writing delivered to the Trustee any past default and its consequences, except a default in the payment of any instalment of rental payable pursuant to Section 4.04(B)(3) or (B)(4), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before March 31, 1992, all arrears or rent (with interest at the rate of 10-3/4% per annum upon any overdue instalments, to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by SSI's default, and all other sums which shall have become due and payable by SSI hereunder shall be paid by SSI before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested in writing by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, shall by written notice to SSI waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. Obligations of SSI Not Affected by Remedies. No retaking of possession of the Trust Equipment

by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against SSI or in respect of the Trust Equipment on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to SSI by the Trustee or by any such holder, shall affect the obligations of SSI hereunder or the obligations of SSI under the guaranty endorsed on the Trust Certificates or the obligations of ITEL under the Debt Servicing Agreement.

SSI hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. SSI to Deliver Trust Equipment to Trustee. In case the Trustee shall demand possession of any of the Trust Equipment of this Agreement SSI will, as soon as possible, cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, at the expense of SSI, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement and upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against SSI, requiring the specific performance thereof.

SECTION 5.07. Trustee to Give Notice of Default. The Trustee shall give to the registered holders of the Trust Certificates notice of each Event of Default hereunder actually known to the Trustee at its Corporate Trust Office, within 30 days after it so learns of the same, unless remedied or cured before the giving of such notice.

SECTION 5.08. Control by Holders of Trust Certificates. The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; provided, however, that the Trustee shall have the right to decline to follow any such direction (i) if the Trustee shall be advised by counsel that the action so directed may

not lawfully be taken or (ii) if the Trustee shall be advised by counsel that the action so directed may involve it in personal liability as to which the holders have not agreed fully to indemnify the Trustee. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction given hereunder.

SECTION 5.09. Remedies Cumulative; Subject to Mandatory Requirements of Law. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of SSI.

ARTICLE SIX

Additional Covenants and Agreements by SSI

SECTION 6.01. Guaranty of SSI. SSI unconditionally covenants, agrees and guarantees that the holder of each of the Trust Certificates shall receive the principal amount thereof, in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, when and as the same shall become due and payable, in accordance with the provisions thereof or of this Agreement (and, if not so paid, with interest thereon until paid at the rate of 10-3/4% per annum, to the extent legally enforceable), and shall receive interest thereon in like money at the rate specified therein, at the times and place and otherwise as expressed in the Trust Certificates (and, if not so paid, with interest thereon until paid at the rate of 10-3/4% per annum, to the extent legally enforceable); and SSI agrees to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, its guaranty of the prompt payment of the principal thereof and of the interest thereon, in substantially the form set forth in Schedule B hereto. Said guaranty so endorsed shall be signed in the name and on behalf of SSI, by the manual signature of its President, a Vice President or the Controller. In case any officer of SSI whose signature shall appear on said guaranty shall cease to be such officer before the Trust Certificates shall have been issued and delivered by the Trustee, or shall not have been acting in such capacity

on the date of the Trust Certificates, such guaranty shall nevertheless be as effective and binding upon SSI as though the person who signed said guaranty had not ceased to be or had then been such officer.

SECTION 6.02. Discharge of Liens. SSI covenants and agrees that 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 if unpaid might become a lien, charge, security interest or other encumbrance upon or against any of the Trust Equipment; 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, provided that such contest will not materially endanger the rights or interest of the Trustee, or of the holders of the Trust Certificates and SSI shall have furnished the Trustee with an Opinion of Counsel to such effect. If SSI does not forthwith pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section, the Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Agreement until reimbursed by SSI.

SECTION 6.03. Recording. SSI will, promptly after the execution and delivery of this Agreement, each Lease Assignment, each assignment of any lease authorized pursuant to Section 4.09 hereof and each supplement or amendment hereto or thereto, respectively, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. SSI will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments 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 Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof.

Promptly after the execution and delivery of this Agreement and of each supplement or amendment hereto or thereto, SSI will furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, such document has been properly deposited, filed, registered

and recorded and redeposited, refiled, reregistered and rerecorded, if necessary, so as effectively to protect the title of the Trustee to the Trust Equipment and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.04. Further Assurances. SSI and ITEL each covenants and agrees that from time to time it will 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.

SECTION 6.05. Tax Consolidation. SSI covenants and agrees that it will file consolidated tax returns only with its Restricted Subsidiaries and/or with ITEL and its tax consolidated subsidiaries. SSI's tax liability shall be limited as provided in Section 13 of the Debt Servicing Agreement.

ARTICLE SEVEN

Negative Covenants

SSI covenants and agrees that from the date hereof and until payment in full of the principal of and interest on the Trust Certificates, unless holders in an aggregate principal amount of not less than 66-2/3% in aggregate principal amount of Trust Certificates then outstanding shall otherwise consent in writing, it will not, nor will it permit any Restricted Subsidiary to:

SECTION 7.01. Indebtedness. Incur, create, assume or permit to exist any indebtedness or liability for borrowed money or for the deferred purchase price of property (other than trade payables), or any indebtedness evidenced by notes, bonds, debentures or similar obligations (including, but not limited to, conditional sales or other title retention agreements and purchase option obligations) except

(a) the Trust Certificates;

(b) Subordinated Debt; provided, however, that, (A) after giving effect to the issuance thereof the aggregate of Consolidated Subordinated Debt will not

exceed 50% of Consolidated Senior Funded Debt and (B) for the period of 12 consecutive months immediately preceding the issuance thereof, Earnings Available for Fixed Charges shall be in an amount not less than (i) 40% of Pro Forma Fixed Charges if such Subordinated Debt is issued on or before December 31, 1977; (ii) 80% of Pro Forma Fixed Charges if such Subordinated Debt is issued from January 1, 1978, to December 31, 1978, inclusive, (iii) 120% of Pro Forma Fixed Charges if such Subordinated Debt is issued from January 1, 1979, to December 31, 1980, inclusive; and if the Subordinated Debt is issued on or after January 1, 1981, Earnings Available for Fixed Charges for each of at least two of the immediately preceding three fiscal years shall have been in an amount not less than 130% of Pro Forma Fixed Charges; provided, further, however, that Class A Notes may be issued and be outstanding, whether or not SSI shall have such ratio of Earnings Available for Fixed Charges to Pro Forma Fixed Charges specified in the preceding proviso of this subsection (b), so long as the aggregate principal amount of such Class A Notes outstanding after giving effect to such issuance shall not exceed $2,500,000;

(c) Short Term Debt borrowed from commercial banks in the ordinary course of business in an amount up to, but not to exceed, $2,500,000 at any one time outstanding, provided that during the 14 month period beginning January 1, 1977, there shall be a period of at least 60 consecutive days during which no such Short Term Debt is outstanding, and in each subsequent 14 month period (each such subsequent 14 month period to begin on the day after the 60th day of the period during which no Short Term Debt was outstanding) there shall similarly be a period of 60 consecutive days during which no Short Term Debt is outstanding;

(d) Senior Funded Debt as shown on the Consolidated Balance Sheet to the extent such Senior Funded Debt is outstanding on the date hereof;

(e) additional Senior Funded Debt; provided, however, that (A) after giving effect to the issuance thereof, the total of all Consolidated Senior Funded Debt shall not at any time exceed (i) 450% of Consolidated Adjusted Net Worth from January 1, 1977, to December 31, 1977, inclusive, (ii) 475% of Consolidated Adjusted Net Worth from January 1, 1978, to December 31,

1978, inclusive, (iii) 450% of Consolidated Adjusted Net Worth from January 1, 1979, to December 31, 1979, inclusive, (iv) 425% of Consolidated Adjusted Net Worth from January 1, 1980, to December 31, 1980, inclusive, and (v) 340% of Consolidated Adjusted Net Worth from January 1, 1981, until the final payment of principal of and interest on the Trust Certificates shall have been made, and that (B) for the period of 12 consecutive calendar months immediately preceding the issuance thereof, Earnings Available for Fixed Charges shall be in an amount not less than (i) 40% of Pro Forma Fixed Charges if such additional Senior Funded Debt is issued on or before December 31, 1977, (ii) 80% of Pro Forma Fixed Charges if such additional Senior Funded Debt is issued from January 1, 1978, to December 31, 1978, inclusive, (iii) 120% of Pro Forma Fixed Charges if such additional Senior Funded Debt is issued from January 1, 1979, to December 31, 1980, inclusive; and if the additional Senior Funded Debt is issued on or after January 1, 1981, Earnings Available for Fixed Charges for each of at least two of the three immediately preceding fiscal years shall have been in an amount not less than 130% of Pro Forma Fixed Charges; and

(f) such of the unsecured indebtedness or liability for borrowed money or for the deferred purchase price of property, or any indebtedness evidenced by notes, bonds, debentures or similar obligations of a corporation as exists at the time when, within the limitations set forth in Section 7.09, (A) such corporation hereafter becomes a Restricted Subsidiary of or is merged into SSI or one of its Restricted Subsidiaries, or (B) substantially all the assets of such corporation are acquired by SSI or one of its Restricted Subsidiaries; provided, however, that the relevant debt tests of Sections 7.01(b), (c) and (e) shall at all times be met, and provided, further, that the unsecured indebtedness of any corporation outstanding at the time it becomes a Restricted Subsidiary, shall not, when added to the Secured Debt of such corporation, exceed the following percentage of the Consolidated Adjusted Net Worth attributable to such corporation applicable to the period during which such corporation shall become a Restricted Subsidiary: (i) 450% if such corporation becomes a Restricted Subsidiary on or before December 31, 1977, (ii) 475% if such corporation becomes a Restricted Subsidiary from January 1, 1978, to December 31, 1978,

inclusive, (iii) 450% if such corporation becomes a Restricted Subsidiary from January 1, 1979, to December 31, 1979, inclusive, (iv) 425% if such corporation becomes a Restricted Subsidiary from January 1, 1980, to December 31, 1980, inclusive, and (v) 340% if such corporation becomes a Restricted Subsidiary on or after January 1, 1981.

SECTION 7.02. Liens. Incur, create, assume or permit to exist any mortgage, pledge, lien, charge or other encumbrance of any nature whatsoever (including conditional sales or other title retention agreements) on any property or assets now owned or hereafter acquired by it, other than:

(a) liens for taxes or assessments and similar charges, either (i) not delinquent or (ii) being contested in good faith by appropriate proceedings in accordance with the requirements of Section 6.02;

(b) liens incurred or pledges and deposits in connection with workmen's compensation, unemployment insurance, old-age pensions and other social security benefits or securing the performance of bids, tenders, leases, contracts (other than for the repayment of borrowed money), statutory obligations, surety and appeal bonds and other obligations of like nature, incurred as an incident to and in the ordinary course of business;

(c) statutory liens of landlords and other liens imposed by law, such as mechanics', carriers', warehousemen's, materialmen's and vendors' liens, incurred in good faith in the ordinary course of business, and deposits made in the ordinary course of business to obtain the release of any such liens;

(d) zoning restrictions, easements, licenses, reservations, provisions, covenants, conditions, waivers, restrictions on the use of property or minor irregularities of title (and with respect to leasehold interests, mortgages, obligations, liens and other encumbrances incurred, created, assumed or permitted to exist and arising by, through or under or asserted by a landlord or owner of the leased property, with or without consent of the lessee), none of which, in the opinion of SSI, materially impairs the use of such property in the operation of the business of SSI or any Restricted Subsidiary or the value of such property for the purpose of such business;

(e) liens created by or resulting from any litigation or proceeding which is currently being contested in good faith by appropriate proceedings and as to which SSI or a Restricted Subsidiary, as the case may be, shall have set aside on its books adequate reserves;

(f) subject to the provisions of each and every other section of this Article Seven, leases, security agreements, mortgages, conditional sales or title retention contracts to secure the purchase price of fixed or capital assets purchased or leased by SSI or any of its Restricted Subsidiaries or existing on such fixed or capital assets at the time of purchase or lease, or any renewal, extension or refunding (in an amount not in excess of the then outstanding indebtedness) of the same, provided that each such lease, security agreement, mortgage, conditional sales or title retention contract shall at all times be confined solely to the fixed or capital assets so purchased or leased;

(g) liens on the property or assets of any Restricted Subsidiary of SSI securing indebtedness of such Restricted Subsidiary to SSI.

SECTION 7.03. Guaranties. Guarantee, endorse, become surety for, or otherwise in any way become or be responsible for, obligations of any other person, whether by agreement to purchase the indebtedness of any other person or by agreement for the furnishing of funds, directly or indirectly, through purchase of goods, supplies or services (or by way of stock purchase, capital contribution, advance or loan) or for the purpose of payment of indebtedness of any other person, or otherwise, except for SSI's guaranty of the debt of the Hartford & Slocomb Railway Company, but only in an amount not to exceed $750,000; it being understood that SSI's guaranty of the Trust Certificates and other equipment trust certificates issued under equipment trust agreements of SSI shall be deemed to be indebtedness of SSI and not indebtedness of another person.

SECTION 7.04. Rental Obligations. Incur, create, assume or permit to exist any rental obligation under any Noncapitalized Lease if, for the period of 12 consecutive calendar months immediately preceding the incurrence thereof, Earnings Available for Fixed Charges shall be in an amount less than (i) 40% of Pro Forma Fixed Charges if such rental obligation is incurred on or before December 31, 1977, (ii) 80% of Pro Forma Fixed Charges if such rental obligation is incurred from January 1, 1978, to December 31, 1978, inclu-

sive (iii) 120% of Pro Forma Fixed Charges if such rental obligation is incurred from January 1, 1979, to December 31, 1980, inclusive: and if such rental obligation is incurred on or after January 1, 1981, Earnings Available for Fixed Charges for each of two of the immediately preceding three fiscal years shall have been in an amount less than 130% of Pro Forma Fixed Charges.

SECTION 7.05. Sale and Leaseback. Sell or otherwise dispose of any property, whether real or personal, that it owned as of September 30, 1976, or that it acquired after September 30, 1976, and owned for more than 90 days thereafter, if SSI or any of its Restricted Subsidiaries at the time of such sale or disposition intends to lease or otherwise acquire the right to use or possess (except by purchase) such property or like property for a substantially similar purpose.

SECTION 7.06. Notes, Accounts Receivable. Sell, discount or otherwise dispose of any notes, accounts receivable or other rights to receive payment, with or without recourse, except for collection in the ordinary course of business; provided, however, that SSI and its Restricted Subsidiaries may sell or otherwise dispose of any notes or accounts receivable at face value and without recourse.

SECTION 7.07. Capital Distributions. Declare or pay any dividend on the capital stock of SSI or any Restricted Subsidiary (other than dividends payable solely in shares of the common stock of SSI or such Restricted Subsidiary or dividends payable by a Restricted Subsidiary to SSI), or redeem, retire, purchase or otherwise acquire, directly or indirectly, for value any share of the capital stock of SSI or any Restricted Subsidiary (except to the extent that the proceeds to be applied thereto do not exceed an amount equal to the cash proceeds of any contemporaneous sales of such stock, in which case such redemption, retirement, purchase or other acquisition shall not, to such extent, be deemed to be a Restricted Payment, as hereinafter referred to), or make optional prepayments of Subordinated Debt by way of sinking fund or otherwise, or make any Restricted Investment (all of the foregoing hereinafter to be called Restricted Payments), except that, so long as no Event of Default or event which with the giving of notice or the passage of time or both would constitute an Event of Default shall have occurred and be continuing, SSI or any Restricted Subsidiary may make Restricted Payments beginning January 1, 1981, provided, however, that no Restricted Payment shall be so made unless, after giving effect thereto, the sum of all Restricted Payments made after December 31,

other Restricted Subsidiary.

SECTION 7.10. Current Ratio. In the case of SSI, permit the ratio of Consolidated Current Assets to Consolidated Current Liabilities at any time to be less than 1.25 to 1.

SECTION 7.11. Net Worth. In the case of SSI, permit Consolidated Adjusted Net Worth at any time to be less than $12,000,000.

SECTION 7.12. Further Limitations on SSI and Restricted Subsidiaries. Sell, transfer, assign, or otherwise dispose of any equity or debt security of a Restricted Subsidiary, or, in the case of a Restricted Subsidiary issue any capital stock or incur, create, assume or permit to exist directly or indirectly any debt or obligation except that (i) SSI or a Restricted Subsidiary may sell, transfer, assign or otherwise dispose of any equity or debt security of a Restricted Subsidiary to either SSI or any Restricted Subsidiary of SSI, (ii) a Restricted Subsidiary may issue its capital stock to SSI or any Restricted Subsidiary, and (iii) a Restricted Subsidiary may incur, create, assume or permit to exist indebtedness from or any other kind of obligation to SSI or a wholly owned Restricted Subsidiary to the extent permitted by other applicable sections of this Agreement; provided, however, that, notwithstanding anything to the contrary contained in this Section 7.12, SSI or a Restricted Subsidiary may sell, transfer, assign or otherwise dispose of all the equity or debt securities of a Restricted Subsidiary if SSI would not have been in default under any provision of this Agreement at any time since the date such Restricted Subsidiary became a Restricted Subsidiary on a pro forma basis without giving effect to the acquisition of such Restricted Subsidiary.

SECTION 7.13. Moving Average Cash Flow, etc. In the case of SSI, permit the sum of Moving Average Cash Flow, when divided by Debt Service payable during the same time period as that used to determine Moving Average Cash Flow, to be less than 1.3 through December 31, 1983, and to be less than 1.0 thereafter.

SECTION 7.14. Limitation on Leases to Short-line Railroads. In the case of SSI, provide from Trust Equipment more than 50% of the prior year's boxcar needs of any single short-line railroad. For the purposes of this Section 7.14, boxcar needs shall mean the aggregate number of boxcars loaded during such year multiplied by a fraction the numer-

ator of which is the average round trip time expressed in days for such boxcars and the denominator of which is 365; provided, however, that if records are not kept in respect of the round trip time for any short-line railroad the average round trip time shall be assumed to be 60 days.

SECTION 7.15. Same Business. Engage in any business or commercial activity if as a result thereof the business of SSI and its Restricted Subsidiaries taken as a whole would be substantially different from what it was as of December 31, 1976.

ARTICLE EIGHT

Concerning the Holders of Trust Certificates

SECTION 8.01. Evidence of Action Taken by Holders of Trust Certificates. Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate unpaid principal amount of the Trust Certificates may take action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 8.02. Proof of Execution of Instruments and of Holding of Trust Certificates. Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

The fact and date of the execution by any such person of any instrument may be proved by the certificate of any notary public or other officer of any jurisdiction within the United States of America authorized to take acknowledgments of deeds to be recorded in such jurisdiction that the person executing such instrument acknowledged to him the execution thereof, or by an affidavit of a witness to such execution sworn to before any such notary or other such officer. Where such execution is by or on behalf of any legal entity other than an individual, such certificate or affidavit shall also constitute proof of the authority of the person executing the same.

The ownership of Certificates may be proved by the register of such Trust Certificates or by a certificate of the registrar thereof.

SECTION 8.03. Trust Certificates Owned by SSI. In determining whether the holders of the requisite unpaid principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by SSI or by any other obligor on the Trust Certificates or by an Affiliate of SSI or any such other obligor shall be disregarded, except that for the purpose of determining whether the trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which are actually known to the Trustee at its Corporate Trust Office to be so owned, shall be disregarded.

SECTION 8.04. Right of Revocation of Action Taken. At any time prior to (but not after) the evidencing to the Trustee, as provided in Section 8.01, of the taking of any action by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided in Section 8.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid, any such action taken by the holder of any Trust Certificate shall be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action shall be conclusive and binding upon SSI, the Trustee and the holders of all the Trust Certificates, subject to the provisions of Section 5.08.

ARTICLE NINE

The Trustee

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

SECTION 9.02. Duties and Responsibilities of the Trustee. In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any default or Event of Default under this Agreement prior to the time it shall have obtained actual knowledge thereof at its Corporate Trust Office.

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

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

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

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

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

(c) the Trustee shall not be liable with respect to any action taken, suffered or omitted to be taken by it in good faith in accordance with the direction of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates relating to the time, method and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred upon the Trustee, under this Agreement;

(d) the Trustee may rely and shall be protected in acting or refraining from acting upon any resolution, certificate, statement, instrument, opinion, report, notice, request, consent, order, Trust Certificate, guaranty or other paper or document believed by it to be genuine and to have been signed or presented by the proper party or parties;

(e) the Trustee may consult with counsel and any Opinion of Counsel shall be full and complete authorization and protection in respect of any action taken, suffered or omitted by it hereunder in good faith and in accordance with such Opinion of Counsel;

(f) the Trustee shall be under no obligation to exercise any of its rights or powers vested in it by this Agreement, at the request, order or direction of any of the holders of the Trust Certificates, pursuant to the provisions of this Agreement, unless such holders shall have offered to the Trustee reasonable security or indemnity against the costs, expenses and liabiliities which might be incurred therein or thereby; and;

(g) the Trustee shall not be liable for any action taken by it in good faith and believed by it to be authorized or within the discretion or rights or powers conferred upon it by this Agreement. None of the provisions contained in this Agreement shall require the Trustee to expend or risk its own funds or otherwise incur personal financial liability in the performance of any of its duties or in the exercise of any of its rights or powers, if there is reasonable ground for believing that the repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it. Whether or not therein expressly so provided, every provision of this Agreement relating to the conduct or affecting the liability

of or affording protection to the Trustee shall be subject to the provisions of this Section.

SECTION 9.03. Application of Rentals. The Trustee covenants and agrees to apply the rentals received by it under Section 4.04(B) when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04(B).

The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment until fully indemnified by SSI or by one or more holders of the Trust Certificates against all liability and expenses; and the Trustee shall not be responsible for the filing or recording or refiling or recording of this Agreement or of any supplement hereto or statement of new numbers or any assignments or any other statement or document that may be permitted or required to be filed, recorded, refiled or rerecorded in any jurisdiction to protect or perfect any of the security interests contemplated hereby.

SECTION 9.04. Funds May be Held by Trustee; Investments. 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 noninterest bearing deposit with itself.

At any time and from time to time, if at the time no Event of Default shall have occurred and be continuing, the Trustee, on Request, shall invest and reinvest Deposited Cash held by it or cash deposited with it pursuant to Section 4.06 or Section 4.08 (hereinafter in this Section called Replacement Funds) in Investments, at such prices, including any premium and accrued interest, as are set forth in such Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

The Trustee shall, on Request, or the Trustee may, in the event funds are required for payment against acceptance of Trust Equipment, sell such Investments, or any portion thereof, and restore to Deposited Cash or Replacement funds, as the case may be, the proceeds of any such sale up to the amount paid for such Investments, including accrued interest.

The Trustee shall, to the extent received, restore to Deposited Cash or Replacement Funds, as the case may be, out of rent received by it for that purpose under the provisions of Section 4.04(B)(1), an amount equal to any expenses incurred in connection with any purchase or sale of Investments and also an amount equal to any loss of principal incident to the sale or redemption of any Investments for a sum less the amount paid therefor, including accrued interest.

Until such time as, to the actual knowledge of the Trustee (obtained at its Corporate Trust Office), SSI shall be in default under the terms hereof or ITEL is in default under the Debt Servicing Agreement, SSI shall be entitled to receive any interest (in excess of accrued interest paid from Deposited Cash or Replacement Funds at the time of purchase) or other profit which may be realized from any sale or redemption of Investments.

SECTION 9.05. Trustee Not Liable for Delivery Delays or Defects in Equipment or Title. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the manufacturers thereof or of SSI, 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 on the part of the Trustee in respect of the value thereof or in respect of the title thereto or the security afforded thereby or otherwise.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents as it shall appoint, and shall be answerable only for its own negligent acts, negligent failures to act and wilful misconduct 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, and makes no representation with respect to, the recitals herein contained or for the execution or validty or enforceability of this Agreement or of the Trust Certificates (except for its own execution thereof) or for the guaranty by SSI or for the Debt Servicing Agreement by ITEL.

The Trustee shall be entitled to receive payment of all of its expenses and disbursements hereunder, including reasonable counsel fees and expenses, 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 SSI.

The Trustee in its individual capacity may own, hold and dispose of Trust Certificates.

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

SECTION 9.06. Resignation and Removal; Appointment of Successor Trustee. (a) The Trustee may resign and be discharged of the trust created by this Agreement by giving 30 days' written notice to SSI and such resignation shall take effect upon the expiration of 30 days after the delivery thereof to SSI or upon receipt by the Trustee of an instrument of acceptance executed by a successor trustee, whichever shall first occur, as herein provided in this Section.

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

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to SSI and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, SSI by an instrument in writing executed by order of its board of directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by SSI shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above if such appointment is made within one year after completion of the notice, in the manner provided in the next succeeding paragraph, of the appointment of a successor trustee by SSI. Every successor trustee appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, or the State of

Utah, having its principal office in the City of New York or the city of Salt Lake City, and having a capital and surplus of not less than $50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

(d) SSI shall give notice to the holders of all outstanding Trust Certificates of each resignation or removal of the then Trustee and of each appointment by SSI of a successor trustee pursuant to this Section by mailing written notice of such event by first class mail, postage prepaid.

SECTION 9.07. Acceptance of Appointment by Successor Trustee. Any successor trustee appointed as provided in Section 9.06 shall execute, acknowledge and deliver to SSI and to its predecessor trustee an instrument accepting such appointment hereunder and, subject to the provisions of Section 9.06(a), thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Request of SSI or written request of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon written request of any such successor trustee, SSI shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 9.05.

SECTION 9.08. Merger or Consolidation of Trustee. Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 9.06, 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.

SECTION 9.09. Return of Certain Moneys to SSI. Notwithstanding any provision of this Agreement, any moneys paid to the Trustee which are applicable to the payment of the principal of, or interest on, any Trust Certificates which remain unclaimed for five years after the day when such moneys were due and payable shall then be repaid to SSI upon Request, and the holders of such Trust Certificates shall thereafter be entitled to look only to SSI for payment thereof and all liability of the Trustee with respect to such moneys shall thereupon cease; provided, however, that before the repayment of such moneys to SSI as aforesaid, the Trustee may first publish a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Trust Certificates so payable and not presented and in respect of the provisions hereof relating to the repayment to SSI of the moneys held for the payment thereof.

ARTICLE TEN

Miscellaneous

SECTION 10.01. Rights Confined to Parties and Holders. Nothing expressed or implied herein is intended or shall be construed to confer upon or give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefits of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 10.02. No Recourse. No recourse under any obligation, covenant or agreement of this Agreement, or of the guaranty endorsed on any Trust Certificate or of the Debt Servicing Agreement shall be had against any incorporator, stockholder, officer or director, past, present or future, of SSI or ITEL, as such, solely by reason of the fact that such person is an incorporator, stockholder, officer or director, whether by virtue of any constitutional provision, statute or rule of law or by the enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, or incorporators, stockholders, officers or directors being

forever released as a condition of and as consideration for the execution of this Agreement.

SECTION 10.03. Amendment or Waiver. Any provision of this Agreement may be amended or waived with the written consent of the holders of not less than 66-2/3% of the aggregate unpaid principal amount of the Trust Certificates then outstanding; provided, however, that without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of instalments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holders of each Trust Certificate so affected, (2) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust otherwise than as expressly permitted by the present terms of this Agreement, or (3) reduce the percent of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver; and, provided, further, that no such amendment or waiver shall modify the rights, duties, or immunities of the Trustee without the prior written consent of the Trustee.

SECTION 10.04. Binding upon Assigns. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 10.05. Notice. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of SSI, Two Embarcadero Center, San Francisco, California 94111, or such other address as may hereafter be furnished to the Trustee in writing by SSI, (b) in the case of the Trustee, First Security Bank of Utah, N.A., 79 South Main Street, Salt Lake City, Utah 84111, Attention of Trust Department, Corporate Trust Division, with a copy to Itel Leasing Corporation, 1 Embarcadero Center, San Francisco, California 94111, Attention of Contract Administration, or such other address as may hereafter be furnished to SSI in writing by the Trustee and (c) in the case of any holder of the Trust

Certificates, at such address as is provided in the Purchase Agreement or as otherwise furnished in writing to the Trustee. An affidavit by any person representing or acting on behalf of SSI, the Trustee or the holders of the Trust Certificates as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 10.06. Effect of Headings. The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

SECTION 10.07. Date Executed. This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 10.08. Law Governs. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Utah; provided, however, that the laws of the State of California shall govern the perfection and the effect of perfection or nonperfection of any security interest under this Agreement.

IN WITNESS WHEREOF, SSI and the Trustee have caused their names to be signed hereto by their respective officers thereunto duly authorized and their respective corporate seals, duly attested, to be hereunto affixed as of the day and year first above written.

FIRST SECURITY BANK OF UTAH,
N.A., as Trustee,

by

Authorized Officer

[Seal]

Attest:

Authorized Officer

SSI RAIL CORP.,

by

President

[Corporate Seal]

Attest:

Secretary

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this 20th day of January, 1977, before me personally appeared Robert S. Clark, Esq., to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association 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 national banking association.

Lucia B. Eichner
Notary Public

[Notarial Seal]

My Commission expires:
November 21, 1979.

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this 20th day of January, 1977, before me personally appeared William J. Texido, to me personally known, who, being by me duly sworn, says that he is the President of SSI RAIL CORP., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

OFFICIAL SEAL
TERRY L. RUSSELL
Notary Public - California
San Francisco County
My Commission Expires May 10, 1980

Terry L. Russell
Notary Public

My Commission expires:

[Notarial Seal]

SCHEDULE A

Lessee	Units of Trust Equipment	Road Numbers	Trust Equipment Description
Cadiz Railroad Company	100	CAD 1000-1099, both inclusive	70 ton, 50'6" Boxcars with 10' sliding doors and 10" end-of-car cushioning AAR Mechanical Designation XM

SCHEDULE B

[Form of Trust Certificates]

NOTE: This Trust Certificate has not been registered under the Securities Act of 1933 and must be held indefinitely unless a subsequent disposition hereof is exempt from the registration requirements of said Act.

$ No.

SSI RAIL CORP.

9-3/4% Equipment Trust Certificates,

1977 Series 1

Total Authorized Issue: $3,080,000

FIRST SECURITY BANK OF UTAH, N.A.,
Trustee

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as Trustee (hereinafter called the Trustee), under an Equipment Trust Agreement (hereinafter called the Agreement) dated as of January 1, 1977, between the Trustee and SSI Rail Corp., a Delaware corporation (hereinafter called SSI), certifies that

or registered assigns is entitled to an interest of

Dollars in SSI Rail Corp. Equipment Trust, 1977 Series 1, due and payable on or before March 31, 1992, in instalments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Certificate at the rate of 9-3/4% per annum. Interest on the

Trust Certificates shall be calculated on the basis of a 360-day year of twelve 30-day months.

This Trust Certificate shall be payable as follows: interest only shall be payable on the principal amount of this Trust Certificate on March 31, 1977; thereafter, principal and interest payments shall be made in 60 consecutive substantially equal quarterly instalments on March 31, June 30, September 30 and December 31 in each year commencing June 30, 1977, calculated so that the aggregate of principal and interest payments payable on each such date shall be substantially equal and such instalments of principal shall completely amortize the principal amount of the Equipment Trust Certificates.

Interest on any overdue principal and interest, to the extent legally enforceable, shall be payable at the rate of 10-3/4% per annum. Payments of principal and interest shall be made by the Trustee to the registered holder hereof at the Corporate Trust Office of the Trustee at 79 South Main Street, Salt Lake City, Utah 84125 (hereinafter called the Corporate Trust Office), in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement or of the Debt Servicing Agreement (as defined therein). Except as provided in Sections 2.02, 3.04, 4.06 or 4.08 of the Agreement, prepayments of instalments of the principal amount of this Trust Certificate may not be made.

This Certificate is one of an authorized issue of Trust Certificates, in an aggregate principal amount not exceeding $3,080,000 and issued or to be issued under the Agreement, under which certain railroad equipment leased to SSI (or cash or obligations defined in the Agreement as "Investments" in lieu thereof, as provided in the Agreement) is held by the Trustee in trust for the equal and ratable benefit of the holders of the outstanding Trust Certificates issued thereunder. Reference is made to the Agreement (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, including the rights, obligations and limitations of liabilities of the parties thereto, to all of which the registered holder hereof, by accepting this Certificate, assents.

The transfer of this Certificate is registerable in whole or in part by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at the Corporate Trust Office of this Certificate accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, and thereupon a new Trust Certificate or Certificates for the then unpaid aggregate principal amount hereof will be issued to the transferee in exchange herefor and, if less than the then entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. Prior to due presentment for registration of transfer, the Trustee and SSI may deem and treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes and shall not be affected by any notice to the contrary.

In case of the happening of an Event of Default (as defined in the Agreement) all instalments of principal (and interest accrued thereon) represented by this Certificate may become or be declared due and payable in the manner and with the effect provided in the Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by one of its Authorized Officers, by his signature or a facsimile thereof, and its seal or a facsimile thereof to be hereunto affixed or hereon imprinted and to be attested by one of its Authorized Officers by his signature.

Dated as of

FIRST SECURITY BANK OF UTAH, N.A.,
Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

GUARANTY

SSI Rail Corp. for a valuable consideration, hereby unconditionally guarantees to the registered holder of the within Certificate the prompt payment when due of the principal of said Certificate, and of the interest thereon specified in said Certificate, with interest on any overdue principal and interest, to the extent legally enforceable, at the rate of 10-3/4% per annum, all in accordance with the terms of said Certificate and the Equipment Trust Agreement referred to therein.

SSI RAIL CORP.,

by

_____

President

FOR VALUE RECEIVED, the undersigned hereby sells, assigns and transfers unto

Please insert Social Security
or other identifying number
of Assignee

_____ .....

_____

.....

the within SSI Rail Corp. Equipment Trust Certificate, 1977 Series 1, and does hereby irrevocably constitute and appoint

.....

attorney to transfer the said Certificate on the books of the within named Trustee, with full power of substitution in the premises.

Dated..... .....

SCHEDULE C

ITEL CORPORATION DEBT SERVICING AGREEMENT
Dated as of January 1, 1977

To First Security Bank of Utah, N.A., Trustee:

Gentlemen:

As an inducement to your entering into the Equipment Trust Agreement (hereinafter called the Equipment Trust Agreement) dated as of January 1, 1977, between SSI Rail Corp. (hereinafter called SSI) and First Security Bank of Utah, N.A. (hereinafter called the Trustee) and as inducement to the Purchaser named in the Purchase Agreement dated as of January 1, 1977, to purchase the Equipment Trust Certificates (hereinafter called the Equipment Trust Certificates, said term to include the singular as well as the plural number) issued pursuant to Section 2.01 of the Equipment Trust Agreement, ITEL Corporation, a Delaware corporation (hereinafter called ITEL), agrees that upon the occurrence of certain events it will undertake to service the indebtedness and any other rental obligations of SSI to the Trustee pursuant to the Equipment Trust Agreement, all as hereinafter specifically set forth.

ITEL, for and in consideration of the foregoing and of the acquisition and of the leasing of the Trust Equipment (as defined in the Equipment Trust Agreement) by the Trustee to SSI, and for other good and valuable consideration, hereby agrees with the Trustee as follows:

SECTION 1. Upon the failure of SSI to make to the Trustee, as and when due, the payment of any sum of money, whether for rental, principal, interest, fees, charges, indemnification to the Trustee or the holders of the Trust Certificates, or otherwise, under the Equipment Trust Agreement (all such sums are herein collectively called "Indebtedness", and any portion thereof which is then due and unpaid by SSI is herein called "Defaulted Indebtedness"), the Trustee may make a written demand upon ITEL to perform hereunder.

SECTION 2. ITEL hereby irrevocably and unconditionally agrees upon receipt of the notice referred to in Section 1 hereof to pay to the Trustee all sums of Defaulted Indebtedness required to be made by SSI pursuant to the Equipment Trust Agreement at the times and in the manner therein specified including any grace period with respect

thereto specified in the Equipment Trust Agreement as though the Trustee had not exercised its option with respect to such Defaulted Indebtedness or any portion thereof to accelerate Indebtedness pursuant to the terms of the Equipment Trust Agreement or exercised its remedies thereunder and whether or not such option shall have been exercised; provided, however, that if the written demand referred to in Section 1 hereof shall specify that SSI has failed to make payment to the Trustee of any sum of money due and owing to the Trustee as a result of an Event of Default specified in Section 5.01(j) of the Equipment Trust Agreement, ITEL shall upon receipt of said notice pay to the Trustee at the times and in the manner specified in the Equipment Trust Agreement all sums of Defaulted Indebtedness, including any portion of said Defaulted Indebtedness due and owing by SSI as a result of the Trustee's having exercised its option to accelerate Indebtedness or having exercised its remedies with respect to such Event of Default pursuant to the Equipment Trust Agreement.

SECTION 3. ITEL's obligation to make such payments as provided in Section 2 hereof shall continue so long as and to the extent that SSI shall not make such payments, and ITEL's obligation provided in Section 2 hereof shall be suspended over any period of time during which and to the extent that regularly scheduled payments shall have been made timely by and on behalf of SSI to the Trustee, such suspension to begin in the calendar month in which any such payment is made by SSI. The Trustee shall notify ITEL of the existence, duration and termination of any such suspension. As between ITEL and the Trustee, and without in any way affecting SSI's obligation to the Trustee for Indebtedness, any unscheduled payments required to be made by SSI to the Trustee by virtue of the acceleration of Indebtedness, which are made by or on behalf of SSI, shall be applied first to the most remote instalment of principal pursuant to Section 4.04 of the Equipment Trust Agreement of Defaulted Indebtedness as though such Indebtedness had not been so accelerated, then to interest, and then to any other Indebtedness, fees or charges. If the Trustee shall exercise its remedies under the Equipment Trust Agreement and any deficiency remains owing, as provided in Section 5.03 of the Equipment Trust Agreement, ITEL agrees to continue to make payments under Section 2 to the extent necessary until such deficiency has been paid in full.

SECTION 4. All payments made to the Trustee by ITEL hereunder shall pro tanto discharge SSI of its obligation to pay the Indebtedness.

SECTION 5. Nothing in this Agreement shall be deemed or construed to impair, alter or modify any right or remedy the Trustee may have against SSI including the Trustee's right to accelerate the Indebtedness and to enforce its remedies under the Equipment Trust Agreement.

SECTION 6. ITEL's obligations hereunder are independent of the obligations of SSI under the Equipment Trust Agreement and shall be unconditional, irrespective of the genuineness, validity, regularity or enforceability of the Equipment Trust Agreement, the Equipment Trust Certificates or of any other circumstance which might otherwise constitute a discharge of ITEL from its obligations under this Debt Servicing Agreement. A separate action or actions may be brought and prosecuted against ITEL whether action is brought against SSI or whether SSI is joined in any such actions, and ITEL waives the benefit of any statute of limitations affecting its liability hereunder or the enforcement thereof.

SECTION 7. ITEL authorizes the Trustee, without notice or demand and without affecting its liability hereunder, from time to time to (a) review, compromise, extend, accelerate or otherwise change the time for payment of, or otherwise change the terms of, the Indebtedness or any part thereof, including increase or decrease of the rate of interest thereon; and (b) take and enforce any and all rights and remedies under the Equipment Trust Agreement, including the repossession, sale, exchange or other disposition of the Trust Equipment or any other security for the payment of the Indebtedness without notice to ITEL and to waive or release any such Trust Equipment or security.

SECTION 8. ITEL waives any right to require the Trustee to (a) proceed against SSI; (b) proceed against or exhaust any security held from SSI; or (c) pursue any other remedy within the Trustee's power whatsoever. Until all of the Indebtedness shall have been paid in full, ITEL shall have no right of subrogation, and waives any right to enforce any remedy which the Trustee now has or may hereafter have against SSI, and waives any benefit of, and any right to participate in, any security now or hereafter held by the Trustee. ITEL waives all presentments, demands for performance, notices of nonperformance, protests, notices of protest, notices of dishonor and notices of acceptance of this Debt Servicing Agreement.

SECTION 9. Until all the Indebtedness shall have been paid in full to the Trustee, ITEL shall maintain direct or indirect ownership of one hundred percent (100%) of SSI's issued and outstanding capital stock and shall keep itself informed with respect to and apprised of the operations and financial condition of SSI. ITEL shall not create, permit or suffer to exist any lien, charge, security interest or other encumbrance on such capital stock.

SECTION 10. ITEL covenants and agrees that in the event that it should merge or consolidate with another corporation, the survivor of such merger or consolidation shall be a solvent corporation organized under the laws of the United States of America or a state thereof or the District of Columbia and such survivor (if not ITEL) shall not, upon consummation of such merger, be in default under any of the terms of this Debt Servicing Agreement, and shall have assumed in writing all the obligations and liabilities of ITEL hereunder.

SECTION 11. ITEL represents and warrants that on or prior to December 31, 1976, it contributed $4,000,000 in cash to the capital surplus of SSI and transferred to SSI ITEL's residual equity ownership rights to 22,000 units of rail equipment presently leased to various railroads.

SECTION 12. ITEL covenants and agrees that it will not permit its consolidated net worth determined in accordance with generally accepted accounting principles at any time to be less than $45,000,000.

SECTION 13. ITEL covenants and agrees that if SSI's tax liability is increased (by virtue of being a tax consolidated subsidiary of ITEL) over and above what its tax liability would have been if SSI was not such a tax consolidated subsidiary, then ITEL shall pay the excess tax thereby incurred. ITEL further covenants and agrees to pay to SSI any amounts which SSI would be entitled to receive from the Internal Revenue Service by way of tax refund or otherwise if SSI were not a tax consolidated subsidiary of ITEL and to pay to SSI any amount equal to the reduction in taxes payable by ITEL and its tax consolidated subsidiaries by virtue of any losses or investment tax credit of, or attributable to, SSI and its Restricted Subsidiaries.

SECTION 14. ITEL covenants and agrees that it will not demand payment of SSI's Class A Notes (as defined in the

Equipment Trust Agreement) or any other Indebtedness owing to ITEL by SSI or any Restricted Subsidiary (as defined in the Equipment Trust Agreement) if, after giving effect to such payment, SSI would be in default under any provision of the Equipment Trust Agreement.

SECTION 15. ITEL covenants and agrees that in the event that SSI fails to comply with any of the provisions of Sections 7.01(e), 7.01(f) and 7.07, relating to maintenance of Consolidated Senior Funded Debt as a percentage of Consolidated Adjusted Net Worth as those terms are defined in the Equipment Trust Agreement, and SSI has at any time paid Deferred Taxes (or paid to ITEL, pursuant to any tax allocation agreement, any amount in respect of Deferred Taxes) as that term is defined in the Equipment Trust Agreement, it will pay to SSI a sum of money in cash sufficient for SSI to comply with the above provisions; provided, however, that the amount paid by ITEL in respect of this Section 15 shall not exceed the amount of Deferred Taxes actually paid by SSI (or paid to ITEL, as aforesaid).

SECTION 16. In the event that ITEL shall fail to make any payment required to be made by it under the provisions of Sections 2 and 3 hereof, the Trustee may, at its option, require ITEL to pay to the Trustee, without further notice of demand of any kind, all of the Indebtedness then due and owing to the Trustee by SSI.

SECTION 17. ITEL covenants and agrees that as of any day, Earnings Available for Interest Coverage (as hereinafter defined) of ITEL and those subsidiaries of ITEL whose accounts are normally consolidated with those of ITEL in accordance with generally accepted accounting principles (hereinafter called Consolidated Subsidiaries) for the four quarterly fiscal periods immediately preceding such day shall average not less than 130% of interest accrued, including amortization of debt discount and expense (but excluding interest accrued by any Consolidated Subsidiary for any period prior to the time such Consolidated Subsidiary became a Consolidated Subsidiary), by ITEL and its Consolidated Subsidiaries in respect of Funded Debt (as hereinafter defined) during said periods, whether or not paid or payable, such calculation to be made by taking the arithmetic average of such interest coverage for the four immediately preceding quarterly fiscal periods.

The term "Earnings Available for Interest Coverage" shall mean (A) net income of ITEL and its Consolidated

Subsidiaries consolidated in accordance with generally accepted accounting principles (hereinafter called Consolidated Net Income), subject to exclusions of the same character in respect of earnings and losses of ITEL and its Consolidated Subsidiaries as provided for SSI and its Restricted Subsidiaries in the definition of "Consolidated Net After-Tax Income" set out in the Equipment Trust Agreement, plus (B) the sum of (i) state, Federal or local taxes measured by income and excess profits taxes paid or accrued by ITEL and its Consolidated Subsidiaries on account of such Consolidated Net Income during said period, (ii) deferred income taxes deducted in the computation of Consolidated Net After-Tax Income for such period (as defined in the Equipment Trust Agreement, except that for purposes of this Agreement "ITEL" and "Consolidated Subsidiaries" shall be substituted for "SSI" and "Restricted Subsidiaries" wherever such terms appear in said definition) and (iii) interest accrued, including amortization of debt discount and expense by ITEL and its Consolidated Subsidiaries in respect of Funded Debt (as defined in the Equipment Trust Agreement, except that for purposes of this Agreement "ITEL" and "Consolidated Subsidiaries" shall be substituted for "SSI" and "Restricted Subsidiaries" wherever such terms appear in said definition) during said period (whether or not paid or payable but only to the extent deducted in computing Consolidated Net Income for said period).

SECTION 18. ITEL shall make all payments required of it hereunder in the manner specified in Section 4.04 of the Equipment Trust Agreement.

SECTION 19. This Agreement shall be governed by and construed under the laws of the State of Utah.

SECTION 20. ITEL shall pay to the Trustee, on demand, the Trustee's costs, including attorney's fees, which may be incurred in the enforcement of this Agreement and ITEL hereby covenants and agrees as set forth in Section 6.04 of the Equipment Trust Agreement.

IN WITNESS WHEREOF, this Agreement is executed this day of January 1977.

ITEL CORPORATION,

by

_____

Treasurer

Accepted at Salt Lake
City, Utah, on January , 1977

First Security Bank of
Utah, N.A., as Trustee

by

_____
Authorized Officer

SCHEDULE D

LEASE AGREEMENT

THIS LEASE AGREEMENT, made as of this day of , 197 , between SSI RAIL CORP., a Delaware corporation, Two Embarcadero Center, San Francisco, California 94111 ("SSI"), as Lessor, and , , a corporation ("Lessee"), as Lessee.

1. Scope of Agreement

A. SSI agrees to lease to Lessee, and Lessee agrees to lease from SSI, boxcars and/or other railroad equipment of the types and descriptions as set forth in any lease schedules executed by the parties concurrently herewith or hereafter and made a part of this Agreement. The word "Schedule" as used herein includes the Schedule or Schedules executed herewith and any additional Schedules and amendments thereto whether for boxcars or other railroad equiment, each of which when signed by both parties shall be a part of this Agreement. The scheduled items of equipment are hereinafter called collectively the "Boxcars".

B. It is the intent of the parties to this Agreement that SSI shall at all times be and remain the lessor of all Boxcars. Lessee agrees that it will at no time take any action or file any document which is inconsistent with the foregoing intent and that it will take such action and execute such documents as may be necessary to accomplish this intent.

2. Term

A. This Agreement shall remain in full force until it shall have been terminated as to all of the Boxcars as provided herein. The term of lease with respect to all of the Boxcars described on each Schedule shall be for fifteen (15) years commencing upon the date when all Boxcars on such Schedule have been delivered as set forth in Section 3A hereof.

B. If this Agreement has not been earlier terminated and no default has occurred and is continuing, it shall automatically be extended for not more than five consecutive

periods of twelve months each with respect to all of the Boxcars described on each Schedule, provided, however, that SSI or Lessee may terminate this Agreement as to all, but not fewer than all, of the Boxcars on any such Schedule by written notice delivered to the other not less than twelve months prior to the end of the initial lease term or any extended lease term.

3. Supply Provisions

A. SSI will inspect each of the Boxcars tendered by the manufacturer for delivery to Lessee. Prior to such inspection, however, Lessee shall confirm in writing to SSI that the sample Boxcar which will be made available for Lessee's inspection prior to the commencement of deliveries conforms to the specifications of the equipment agreed to by Lessee. Upon such approval by Lessee and SSI's determination that the Boxcar conforms to the specifications ordered by SSI and to all applicable governmental regulatory specifications, and this Agreement has not been terminated, SSI will accept delivery thereof at the manufacturer's facility and shall notify Lessee in writing of such acceptance. Each of the Boxcars shall be deemed delivered to Lessee upon acceptance by SSI. The Boxcars shall be moved to Lessee's railroad line at no cost to Lessee as soon after acceptance of delivery by SSI as is consistent with mutual convenience and economy. Due to the nature of railroad operations in the United States, SSI can neither control nor determine when the Boxcars leased hereunder will actually be available to Lessee for its use on its railroad tracks. Notwithstanding that Lessee may not have immediate physical possession of the Boxcars leased hereunder, Lessee agrees to pay to SSI the rent set forth in this Agreement. To move the Boxcars to Lessee's railroad line and insure optimal use of the Boxcars after the first loading of freight for each Boxcar on the railroad line of Lessee (the "initial loading"), SSI agrees to assist Lessee in monitoring Boxcar movements and, when deemed necessary by Lessee and SSI, to issue movement orders with respect to such Boxcars to other railroad lines in accordance with ICC and AAR interchange agreements and rules.

B. Lessee agrees that so long as it shall have on lease any Boxcars, it shall not lease boxcars from any other party until it shall have received all of the Boxcars on the Schedule or Schedules. Once Boxcars have been delivered to

Lessee, it shall then not lease boxcars from any other party until it shall have given SSI at least three (3) months' prior written notice of its desire to lease boxcars similar to the type on lease and SSI shall then have the opportunity to procure and lease such boxcars to Lessee subject to the terms and conditions of this Agreement and manufacturers' delivery schedules and at terms not less favorable to Lessee than those offered by such other parties. The foregoing, however, shall not be deemed to prohibit Lessee from leasing from other parties if SSI does not offer lease terms equal to or better than those offered by such other parties. Lessee shall give preference to SSI and shall load the Boxcars leased from SSI prior to loading boxcars leased from other parties or purchased by Lessee subsequent to the date of this Agreement or interchanged with railroads; provided, however, that this shall in no event prevent or prohibit Lessee from fulfilling its obligations to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks.

C. Additional Boxcars may be leased from SSI by Lessee only upon the mutual agreement of the parties hereto. Upon such agreement, such additional Boxcars shall be identified in Schedules to this Agreement and shall benefit from and be subject to this Agreement upon execution of the Schedules by SSI and Lessee. Notwithstanding the execution of any Schedules, including Schedules for additional Boxcars, the delivery of Boxcars to Lessee shall be subject to manufacturer's delivery schedules, financing satisfactory to SSI and the mutual acknowledgment of the parties that the addition of such Boxcars is not likely to reduce utilization of all Boxcars on lease to Lessee to less than 87.5 per cent in any calendar quarter. If, due to the factors listed in the preceding sentence, fewer than all of the Boxcars listed on a Schedule shall be delivered to Lessee, the term of the lease shall be deemed to have commenced on the date the final Boxcar of the most recent group of Boxcars was delivered to Lessee.

4. <u>Railroad Markings and Record Keeping</u>

A. SSI and Lessee agree that on or before delivery of any Boxcars to Lessee, said Boxcars will be lettered with the railroad markings of Lessee and may also be marked with the name and/or other insignia used by Lessee. Such name and/or insignia shall comply with all applicable regulations.

B. At no cost to Lessee, SSI shall during the term of this Agreement prepare for Lessee's signature and filing all documents relating to the registration, maintenance and record keeping functions involving the Boxcars. Such documents shall include but are not limited to the following: (i) appropriate AAR documents including an application for relief from AAR Car Service Rules 1 and 2; (ii) registration in the Official Railway Equipment Register and the Universal Machine Language Equipment Register; and (iii) such reports as may be required from time to time by the ICC and/or other regulatory agencies.

C. Each Boxcar leased hereunder shall be registered at no cost to Lessee in the Official Railway Equipment Register and the Universal Machine Language Equipment Register. SSI shall, on behalf of Lessee, perform all record keeping functions related to the use of the Boxcars by Lessee and other railroads in accordance with AAR railroad interchange agreements and rules, such as car hire reconciliation. Correspondence from railroads using such Boxcars shall be addressed to Lessee at such address as SSI shall select.

D. All record keeping performed by SSI hereunder and all record of payments, charges and correspondence related to the Boxcars shall be separately recorded and maintained by SSI in a form suitable for reasonable inspection by Lessee from time to time during regular SSI business hours. Lessee shall supply SSI with such reports, including daily telephone reports of the number of Boxcars on Lessee's tracks, regarding the use of the Boxcars by Lessee on its railroad line as SSI may reasonably request.

5. Maintenance, Taxes and Insurance

A. Except as otherwise provided herein, SSI will pay all costs, expenses, fees and charges incurred in connection with the use and operation of each of the Boxcars during its lease term and any extension thereof, including but not limited to repairs, maintenance and servicing, unless the same was occasioned by the fault of Lessee while such Boxcar is in the physical possession of Lessee. Lessee shall inspect all Boxcars interchanged to it to insure that such Boxcars are in good working order and condition and shall be liable to SSI for any repairs required for damage not noted at the time of interchange. Lessee hereby transfers and assigns to SSI for and during the lease term of each Boxcar all of its right, title and interest in any warranty in

respect to the Boxcars. All claims or actions on any warranty so assigned shall be made and prosecuted by SSI at its sole expense and Lessee shall have no obligation to make any claim on such warranty. Any recovery under such warranty shall be payable solely to SSI.

B. Except as provided above, SSI shall make or cause to be made such inspections of, and maintenance and repairs to, the Boxcars as may be required. Upon request of SSI, Lessee shall perform any necessary maintenance and repairs to Boxcars on Lessee's railroad tracks as may be reasonably requested by SSI. SSI shall also make, at its expense, all alterations, modifications or replacement of parts, as shall be necessary to maintain the Boxcars in good operating condition throughout the term of the lease of such Boxcars. Lessee may make running repairs to facilitate continued immediate use of a Boxcar, but shall not otherwise make any repairs, alterations, improvements or additions to the Boxcars without SSI's prior written consent. If Lessee makes an alteration, improvement or addition to any Boxcar without SSI's prior written consent, Lessee shall be liable to SSI for any revenues lost due to such alteration. Title to any such alteration, improvement or addition shall be and remain with SSI.

C. Lessee will at all times while this Agreement is in effect be responsible for the Boxcars while on Lessee's railroad tracks in the same manner that Lessee is responsible under Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Service Rules--Freight for cars not owned by Lessee on Lessee's railroad tracks. Lessee shall protect against the consequences of an event of loss involving the Boxcars while on Lessee's railroad tracks by either obtaining insurance or maintaining a self insurance program which conforms to sound actuarial principles. If Lessee elects to carry insurance, it shall furnish SSI concurrently with the execution hereof and thereafter at intervals of not more than 12 calendar months with a certificate of insurance with respect to the insurance carried on the Boxcars signed by an independent insurance broker. All insurance shall be taken out in the name of Lessee and SSI (or its assignee) as their interests may appear.

D. SSI agrees to reimburse Lessee for all taxes, assessments and other govenmental charges of whatsoever kind or character paid by Lessee relating to each Boxcar and on the lease, delivery or operation thereof which may remain unpaid as of the date of delivery of such Boxcar to Lessee or

which may be accrued, levied, assessed or imposed during the lease term, except taxes on income imposed on Lessee and sales or use taxes imposed on the mileage charges and/or car hire revenues. SSI shall forward to Lessee all sales and use tax payments received by it on behalf of Lessee. SSI and Lessee will comply with all state and local laws requiring the filing of ad valorem tax returns on the Boxcars. SSI shall review all applicable tax returns prior to filing.

6. Lease Rental

A. Lessee agrees to pay the following rent to SSI for the use of the Boxcars:

(i) SSI shall receive all payments made to Lessee by other railroad companies for their use or handling of the Boxcars, including but not limited to mileage charges, straight car hire payments and incentive car hire payments (all of which payments made to Lessee are hereinafter collectively referred to as "payments") if the utilization of all of the Boxcars delivered to Lessee on an aggregate basis for each calendar year shall be equal to or less than 90 per cent. For the purpose of this Agreement, utilization of the Boxcars shall be determined by a fraction, the numerator of which is the aggregate number of days in each calendar year that car hire payments are earned by Lessee on the Boxcars, commencing from the initial loading, and the denominator of which is the aggregate number of days in each year that the Boxcars are on lease to Lessee, commencing from the initial loading (such term referred to as "utilization"). In addition, SSI will receive, as additional rental, all moneys earned by the Boxcars prior to their initial loading.

(ii) In the event utilization exceeds 90 percent in any calendar year, SSI shall receive an amount equal to the SSI Base Rental plus an amount equal to one-half of the payments earned in excess of the SSI Base Rental. For the purpose hereof, SSI Base Rental shall be an amount equal to the total payments for the calendar year multiplied by a fraction, the numerator of which is 90 percent and the denominator of which is the utilization for such calendar year. (The above determination of SSI Base Rental insures that Lessee will, if utilization is greater than 90 percent in any calendar year, receive one-half of all the payments made by other railroads for

use or handling of the Boxcars in excess of the SSI Base Rental.)

(iii) If SSI pays other railroads to move Boxcars in accordance with Section 3A hereof, except for any payments incurred to deliver such Boxcars to Lessee's railroad line, Lessee shall reimburse SSI for such payments only from and out of the monies received by Lessee pursuant to subsection 6A(ii) hereof.

(iv) The rental charges payable to SSI by Lessee shall be paid from the payments received by Lessee in the following order until SSI receives the amounts due it pursuant to this section: (1) incentive car hire payments; (2) straight car hire payments; (3) mileage charges; and (4) other.

(v) In the event damage beyond repair or destruction of a Boxcar has been reported in accordance with Rule 7 of the AAR Car Service and Car Hire Agreement Code of Car Hire Rules--Freight and the appropriate amount due as a result thereof is received by SSI, said damaged or destroyed Boxcar will be removed from the coverage of this Agreement as of the date that payment of car hire payments ceased.

B. The calculations required above shall be made within five months after the end of each calendar year. However, to enable SSI to meet its financial commitments, SSI may, prior to such calculations, retain the payments received by it on behalf of Lessee. However, since the parties desire to determine on a quarterly basis the approximate amount of the rental charges due SSI, SSI shall within three months after the end of each calendar quarter calculate on a quarterly basis rather than a yearly basis the amount due it pursuant to this section. Any amounts payable pursuant to the preceding sentence shall be paid promptly following such calculation, provided, however, that following the yearly calculation, any amount paid to either party in excess of the amounts required by the yearly calculation shall be promptly refunded to the appropriate party.

C. In the event utilization in any calendar quarter is less than 87.5 percent or if at any time during a calendar quarter the number of days that the Boxcars have not earned car hire payments is such as to make it mathematically certain that the utilization cannot be equal to or greater than 87.5 percent, SSI may, at its option and

upon not less than 10 days' prior written notice to Lessee, terminate this Agreement as to such Boxcars as SSI shall determine.

D. SSI may, at its option, terminate this Agreement if the ICC shall, at any time, (1) issue an order reducing incentive car hire for Boxcars on an annual basis to three months or less without a corresponding increase in straight car hire or other moneys available to both SSI and Lessee at least equal in amount to such reduction, (2) determine that Lessee may not apply its incentive car hire receipts in payment of the rental charges set forth in this section or (3) require that Lessee spend funds not earned by the Boxcars in order for Lessee to continue to meet its obligations set forth in this section.

E. Subsequent to the initial loading, if any Boxcar remains on Lessee's railroad tracks for more than seven consecutive days, SSI may, at its option and upon not less than 24 hours' prior written notice, terminate this Agreement as to such Boxcar and withdraw such Boxcar from Lessee's railroad tracks. If any such Boxcar remains on Lessee's railroad tracks more than seven consecutive days because Lessee has not given preference to the Boxcars as specified in Section 3B, Lessee shall be liable for and remit to SSI an amount equal to the car hire revenues Lessee would have earned if such Boxcars were in the physical possession and use of another railroad for the entire period.

7. Possession and Use

A. So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession, use and quiet enjoyment of the Boxcars in accordance with the terms of this Agreement and in the manner and to the extent Boxcars are customarily used in the railroad freight business, provided that Lessee retain on its railroad tracks no more Boxcars than are necessary to fulfill its immediate requirements to provide transportation and facilities upon reasonable request therefor to shippers on its railroad tracks. However, Lessee's rights shall be subject and subordinate to the rights of any owner or secured party under any financing agreement entered into by SSI in connection with the acquisition of Boxcars, i.e., upon notice to Lessee from any such secured party or owner that an event of default has occurred and is continuing under such financing

agreement, such party may require that all rent shall be made directly to such party and/or that the Boxcars be returned to such party. Lessee agrees that to the extent it has physical possession and can control use of the Boxcars, the Boxcars will at all times be used and operated under and in compliance with the laws of the jurisdiction in which the same may be located and in compliance with all lawful acts, rules and regulations and orders of any governmental bodies or officers having power to regulate or supervise the use of such property, except that either SSI or Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner at the expense of the contesting party.

B. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, charge, encumbrance or other security interest or claim on or with respect to the Boxcars or any interest therein or in this Agreeemnt or Schedule thereto. Lessee will promptly, at its expense, take such action as may be necessary to duly discharge any such mortgage, pledge, lien, charge, encumbrance, security interest or claim if the same shall arise at any time.

8. Default

A. The occurrence of any of the following events shall be an Event of Default:

(i) The nonpayment by Lessee of any sum required herein to be paid by Lessee within ten days after the date any such payment is due.

(ii) The breach by Lessee of any other term, covenant or condition of this Agreement, which is not cured within ten days thereafter.

(iii) Any act of insolvency by Lessee, or the filing by Lessee of any petition or action under any bankruptcy, reorganization, insolvency or moratorium law, or any other law or laws for the relief of, or relating to, debtors.

(iv) The filing of any involuntary petition under any bankruptcy, reorganization, insolvency or moratorium law against Lessee that is not dismissed within sixty (60) days thereafter, or the appointment of any receiver

or trustee to take possession of the properties of Lessee, unless such petition or appointment is set aside or withdrawn or ceases to be in effect within sixty (60) days from the date of said filing or appointment.

(v) The subjection of any of Lessee's property to any levy, seizure, assignment, application or sale for or by any creditor or governmental agency.

(vi) Any action by Lessee to discontinue rail service on all or a portion of its tracks or abandon any of its rail properties pursuant to applicable provisions of the Interstate Commerce Act or the laws of any state.

B. Upon the occurrence of any event of default, SSI may, at its option, terminate this Agreement and may

(i) proceed by any lawful means to enforce performance by Lessee of this Agreement or to recover damages for a breach thereof (and Lessee agrees to bear SSI's costs and expenses, including reasonable attorneys' fees, in securing such enforcement), or

(ii) by notice in writing to Lessee, terminate Lessee's right of possession and use of the Boxcars, whereupon all right and interest of Lessee in the Boxcars shall terminate; and thereupon SSI may enter upon any premises where the Boxcars may be located and take possession of them and thenceforth hold, possess and enjoy the same free from any right of Lessee. SSI shall nevertheless have the right to recover from Lessee any and all rental amounts which under the terms of this Agreement may then be due or which may have accrued to that date.

9. <u>Termination</u>

At the expiration or termination of this Agreement as to any Boxcars, Lessee will surrender possession of such Boxcars to SSI by delivering the same to SSI. A Boxcar shall be no longer subject to this Agreement upon the removal of Lessee's railroad markings from the Boxcar and the placing thereon of such markings as may be designated by SSI, either, at the option of SSI, (1) by Lessee upon return of such Boxcars to Lessee's railroad line or (2) by another railroad line which has physical possession of the Boxcar at the time of or subsequent to termination of the lease term as to such

Boxcar. If such Boxcars are not on the railroad line of Lessee upon termination, any cost of assembling, delivering, storing and transporting such Boxcars to Lessee's railroad line or the railroad line of a subsequent lessee shall be borne by SSI. If such Boxcars are on the railroad line of Lessee upon such expiration or termination or are subsequently returned to Lessee's railroad line, Lessee shall at its own expense within five working days remove Lessee's railroad markings from the Boxcars and place thereon such markings as may be designated by SSI. After the removal and replacement of markings, Lessee shall use its best efforts to load such Boxcars with freight and deliver them to a connecting carrier for shipment. Lessee shall provide up to thirty (30) days' free storage on its railroad tracks for SSI or the subsequent lessee of any terminated Boxcar. If any Boxcar is terminated pursuant to subsections 6C or 6E or section 8 prior to the end of its lease term, Lessee shall be liable to SSI for all costs and expenses incurred by SSI to repaint the Boxcars and place thereon the markings and name or other insignia of SSI's subsequent lessee.

10. Indemnities

SSI will defend, indemnify and hold Lessee harmless from and against (1) any and all loss or damage of or to the Boxcars, usual wear and tear excepted, unless occurring while Lessee has physical possession of Boxcars and (2) any claim, cause of action, damage, liability, cost or expense which may be asserted against Lessee with respect to the Boxcars other than loss or physical damage (unless occurring through the fault of Lessee), including without limitation the construction, purchase and delivery of the Boxcars to Lessee's railroad line, ownership, leasing or return of the Boxcars, or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects, if any, are latent or are discoverable by SSI or Lessee).

11. Representations, Warranties and Covenants

Lessee represents, warrants and covenants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the state where it is incorporated and has the corporate power, authority and is duly qualified and authorized to do business wherever necessary, to carry out its present

business and operations and to own or hold under lease its properties and to perform its obligations under this Agreement.

(ii) The entering into and performance of this Agreement will not violate any judgment, order, law or regulation applicable to Lessee, or result in any breach of, or constitute a default under, or result in the creation of any lien, charge, security interest or other encumbrance upon any assets of Lessee or on the Boxcars pursuant to any instrument to which Lessee is a party or by which it or its assets may be bound.

(iii) There is no action or proceeding pending or threatened against Lessee before any court or administrative agency or other governmental body which might result in any material adverse effect on the business, properties and assets, or conditions, financial or otherwise, of Lessee.

(iv) There is no fact which Lessee has not disclosed to SSI in writing, nor is Lessee a party to any agreement or instrument or subject to any charter or other corporate restriction which, so far as the Lessee can now reasonably foresee, will individually or in the aggregate materially adversely affect the business, condition or any material portion of the properties of the Lessee or the ability of the lessee to perform its obligations under this Agreement.

(v) Lessee has during the years 1964-1968 neither leased nor purchased any boxcars.

12. Inspection

SSI shall at any time during normal business hours have the right to enter the premises where the Boxcars may be located for the purpose of inspecting and examining the Boxcars to insure Lessee's compliance with its obligations hereunder. Lessee shall immediately notify SSI of any accident connected with the malfunctioning or operation of the Boxcars, including in such report the time, place and nature of the accident and the damage caused, the names and addresses of any persons injured and of witnesses, and other information pertinent to Lessee's investigation of the accident. Lessee shall also notify SSI in writing within five (5) days after any attachment, tax lien or other judi-

cial process shall attach to any Boxcar. Lessee shall furnish to SSI promptly upon its becoming available, a copy of its annual report submitted to the ICC and, when requested, copies of any other income or balance sheet statements required to be submitted to the ICC.

13. Miscellaneous

A. This Agreement and the Schedules contemplated hereby shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns, except that Lessee may not without the prior written consent of SSI assign this Agreement or any of its rights hereunder or sublease the Boxcars to any party, and any purported assignment or sublease in violation hereof shall be void.

B. Both parties agree to execute the documents contemplated by this transaction and such other documents as may be required in furtherance of any financing agreement entered into by SSI in connection with the acquisition of the Boxcars in order to confirm the financing party's interest in and to the Boxcars, this Agreement and Schedules hereto and to confirm the provisions contained in Section 7 hereof and in furtherance of this Agreement.

C. It is expressly understood and agreed by the parties hereto that this Agreement constitutes a lease of the Boxcars only and no joint venture or partnership is being created. Notwithstanding the calculation of rental payments, nothing herein shall be construed as conveying to Lessee any right, title or interest in the Boxcars except as a lessee only.

D. No failure or delay by SSI shall constitute a waiver or otherwise affect or impair any right, power or remedy available to SSI nor shall any waiver or indulgence by SSI or any partial or single exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy.

E. This Agreement shall be governed by and construed according to the laws of the State of California.

F. All notices hereunder shall be in writing and shall be deemed given when deliverd personally or when deposited in the United States mail, postage prepaid, cer-

tified or registered, addressed to the president of the other party at the address set forth above.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

SSI RAIL CORP.,

by

_____

Title:

Date:

by

_____

Title:

Date:

SCHEDULE E

ASSIGNMENT OF LEASE AND AGREEMENT dated as of , 197 (hereinafter called this Assignment), by and between SSI Rail Corp., a Delaware corporation (together with its successors and assigns, being hereinafter called SSI) and FIRST SECURITY BANK OF UTAH, N.A. (hereinafter called the Trustee).

WHEREAS SSI has entered into an Equipment Trust Agreement dated as of January 1, 1977 (such Equipment Trust Agreement hereinafter, together with amendments and supplements thereto, being collectively called the Agreement); and

WHEREAS SSI and (hereinafter called the Lessee) have entered into a lease of railroad Equipment (as defined in the Agreement) dated as of , (hereinafter, together with any amendments and supplements thereto, being called the Lease), providing for the leasing by SSI to the Lessee of the Trust Equipment (as defined in the Agreement); and

WHEREAS the Lease may also cover the leasing to the Lessee of other Equipment not included as part of the Trust Equipment; and

WHEREAS in order to provide security for the obligations of SSI under the Agreement and as an inducement to the investors for which First Security Bank of Utah, N.A. is acting as Trustee to purchase Trust Certificates (as that terms is defined in the Agreement), SSI agrees to assign for security purposes its rights in, to and under the Lease to the Trustee as and only to the extent that the Lease relates to the Trust Equipment;

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

1. SSI hereby assigns, transfers and sets over unto the Trustee, as collateral security for the payment and performance of SSI's obligations under the Agreement, all of SSI's right, title and interest, powers, privileges and other benefits under the Lease as and only to the extent that the Lease relates to the Trust Equipment, including, without limitation, all rights to receive and collect all rentals,

profits and other sums payable to or receivable by SSI from the Lessee under or pursuant to the provisions of the Lease to the extent that the same are payable in respect of the Trust Equipment, whether as rent, casualty payment, indemnity, liquidated damages or otherwise (such moneys being hereinafter called the Payments); provided, however, that until an Event of Default under the Agreement, or any event which with notice or lapse of time or both, could constitute such an Event of Default, shall occur, it is understood that SSI shall be entitled to collect and receive all such Payments and to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to apply all Payments to which SSI is entitled to the payment of any and all of SSI's obligations under the Agreement. In furtherance of the foregoing assignment, but subject to the foregoing provisions of this paragraph, SSI hereby irrevocably authorizes and empowers the Trustee in its own name, or in the name of its nominee, or in the name of SSI or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which SSI is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Whenever a Lease covers other Equipment not included as part of the Trust Equipment and the amount of any payment due to SSI under such Lease as car hire payments (including both straight and incentive per diem), mileage charges or other rental revenues is calculated on an aggregate basis for all Equipment leased thereunder, for the purposes of this Assignment an amount equal to the Assigned Fraction (as hereinafter defined) of each such payment shall be deemed to be payable with respect to the Trust Equipment leased under such Lease. The term "Assigned Fraction" as used herein shall mean a fraction the numerator of which shall be the number of units of Equipment comprising the Trust Equipment leased under such Lease and the denominator of which shall be the aggregate number of units of Equipment at the time leased under such Lease.

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

3. To protect the security afforded by this Assignment, SSI agrees as follows:

(a) SSI will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides is to be performed by SSI.

(b) At SSI's sole cost and expense, SSI will appear in and defend every action or proceeding arising under, growing out of or in any manner connected with the obligations, duties or liabilities of SSI under the Lease.

(c) Should SSI fail to make any payment or to do any act which this Assignment requires SSI to make or do, then the Trustee, but without obligation so to do, after first making written demand upon SSI and affording SSI a reasonable period of time within which to make such payment or do such act, but without releasing SSI from any obligation hereunder, may make or do the same in such manner and to such extent as the Trustee may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Trustee, and also the right to perform and discharge each and every obligation, covenant and agreement of SSI contained in the Lease; and in exercising any such powers, the Trustee may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and SSI will reimburse the Trustee for such costs, expenses and fees.

4. Upon the full discharge and satisfaction of all of SSI's obligations under the Agreement and this Assignment, all rights herein assigned to the Trustee shall terminate, and all estate, right, title and interest of the Trustee in and to the Lease shall revert to SSI.

5. SSI will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Trustee in order to confirm or further assure, the interests of the Trustee hereunder.

6. If an Event of Default shall occur and be continuing under the Agreement, the Trustee may assign all or any of the rights assigned to it hereby or arising under the Lease, including without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Trustee hereunder. The Trustee will give written notice to SSI and the Lessee of any such assignment.

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

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

SSI RAIL CORP.,

by

_____
President

[Corporate Seal]

Attest:

_____
Secretary

FIRST SECURITY BANK OF UTAH, N.A.,
as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CALIFORNIA,)
) ss.:
COUNTY OF SAN FRANCISCO,)

On this day of January 1977, before me personally appeared William J. Texido, to me personally known, who, being by me duly sworn, says that he is the President of SSI RAIL CORP., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and that said instrument was signed and sealed on behalf of said corporation by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of January 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., a national banking association, that one of the seals affixed to the foregoing instrument is the seal of said association and that said instrument was signed and sealed on behalf of said association 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 association.

_____
Notary Public

[Notarial Seal]

My Commission expires

Names of Short-Line Railroads

Hartford & Slocomb Railway Company
Atlanta & Saint Andrews Bay Railway Company
Sierra Railroad Company
Vermont Railway, Inc.
Green Mountain Railroad Corp.
Sabine River & Northern Railroad Co.
Marinette, Tomahawk & Western Railroad Company
Valdosta Southern Railroad Company
The Apache Railway Co.
St. Johnsbury & Lamoille County Railroad
Pearl River Valley Railroad Company
Minnesota, Dakota & Western Railway Company
Escanaba & Lake Superior Railroad Company
Cadiz Railroad Company
Clarendon & Pittsford Railroad Company
Greenville & Northern Railway Company
Lake Erie, Franklin & Clarion Railway Company
Vermont Northern Railway Company
Providence & Worcester Company
Toledo, Peoria & Western Railroad Company