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~~INTERSTATE COMMERCE COMMISSION~~

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

and

RHODE ISLAND HOSPITAL TRUST NATIONAL BANK

Trustee

INDENTURE OF MORTGAGE AND TRUST

Dated as of January 1, 1974

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INDENTURE OF MORTGAGE AND TRUST

THIS INDENTURE OF MORTGAGE AND TRUST dated as of the first day of January, 1974, by and between the Rhode Island Industrial Facilities Corporation, a public body corporate and agency of the State of Rhode Island created under the laws of the State of Rhode Island (the "Issuer"), and Rhode Island Hospital Trust National Bank, as Trustee (the "Trustee").

WHEREAS, Chapter 37.1, Title 45 of the General Laws of Rhode Island, 1956, as amended, known as the Rhode Island Industrial Facilities Corporation Act (the "Act") authorizes the establishment of the Rhode Island Industrial Facilities Corporation (the "Issuer") as a public body corporate and agency of the State of Rhode Island for the purpose of issuing its revenue bonds to defray the cost of acquiring, constructing, financing and leasing projects including railroad rolling stock and locomotives; and

WHEREAS, the Issuer is authorized to lease to others any projects so acquired, constructed, financed or leased with the proceeds of the revenue bonds and secure the payment of principal and interest on any bonds so issued by a mortgage of the project and a pledge of the income and revenues derived from the lease of the project as well as a pledge of the proceeds of any sale of the project; and

WHEREAS, the Providence and Worcester Company (the "Company") a Delaware corporation authorized to do business as a railroad in the State

of Rhode Island and the Commonwealth of Massachusetts owns and operates a railroad in said State of Rhode Island; and

WHEREAS, pursuant to a resolution adopted on January 22, 1974, the Issuer has offered to acquire certain locomotives as a means of encouraging and facilitating industrial development by the expansion of railroad transportation facilities and to lease said Locomotives (as hereinafter defined) to the Company; and

WHEREAS, pursuant to a resolution adopted on January 22, 1974, the Issuer has authorized the issuance of its Industrial Development Revenue Bonds to accomplish this purpose; and

WHEREAS, pursuant to a resolution adopted on January 22, 1974, the Issuer authorized and approved the execution and delivery of the Lease Agreement (as hereinafter defined) and this Indenture, the issuance of its industrial revenue bonds (1974 Providence and Worcester Company Bonds) in the aggregate principal amount of \$1,500,000 (the "Bonds");

WHEREAS, under Section 103 (c)(6)(D) of the Internal Revenue Code, a governmental unit which is authorized to issue industrial revenue bonds may elect to have Section 103 (c)(1) of said Code not apply to an issue of such bonds the aggregate authorized face amount of which is \$5,000,000 or less, which election has been made by the Issuer; and

WHEREAS, all things necessary have been done and performed to make the Bonds, when authenticated by the Trustee and issued as provided

in this Indenture, the valid and binding obligations of the Issuer, and to constitute this Indenture a valid lien on the properties mortgaged and a valid pledge of the rents, revenues and receipts, including any receipts from the sale of the leased Locomotives, to the payment of the principal of, premium, if any, and interest on the Bonds, and the creation, execution and delivery of this Indenture, and the creation, execution and issuance of the Bonds, subject to the terms hereof, have in all respects been duly authorized;

NOW, THEREFORE, KNOW ALL MEN BY THESE PRESENTS,
THIS INDENTURE WITNESSETH:

That the Issuer in consideration of the premises and the acceptance by the Trustee of the trusts hereby created and of the purchase and acceptance of the Bonds by the holders and owners thereof, and for other good and valuable consideration, the receipt of which is hereby acknowledged and in order to secure the payment of the principal of, premium, if any, and interest on the Bonds according to their tenor and effect and the performance and observance by the Issuer of all the covenants expressed or implied herein and in the Bonds, does hereby, subject to the terms and provisions of the Lease Agreement, grant, bargain, sell, convey, mortgage, pledge and assign unto the Trustee, and unto its respective successors in trust, and to their respective assigns, forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth, the following:

I

The Locomotives acquired by the Issuer with the proceeds of the Bonds.

II

All right, title and interest of the Issuer in and to the Lease Agreement, and all rents, revenues and receipts received from or in connection with the Locomotives, including moneys received under the Lease Agreement, which are required to be set apart and transferred to the Bond Fund and the Project Fund (as those terms are hereinafter defined).

III

Any and all other property of every kind and nature from time to time which was heretofore or hereafter is by delivery or by writing of any kind conveyed, mortgaged, pledged, assigned or transferred, as and for additional security hereunder, by the Issuer or by any other person, firm or corporation, or with the consent of the Issuer to the Trustee which is hereby authorized to receive any and all such property at any time and at all times to hold and apply the same subject to the terms hereof.

TO HAVE AND TO HOLD all the same with all privileges and appurtenances hereby conveyed and assigned, or agreed or intended so to be, to the Trustee and its successors in said trust and to them and their assigns forever

IN TRUST NEVERTHELESS, upon the terms and trusts herein set forth for the equal and proportionate benefit, security and protection of all

holders and owners of the Bonds and interest coupons thereto attached issued under and secured by this Indenture without privilege, priority or distinction as to lien or otherwise of any of the Bonds or coupons thereto attached over any of the others of the Bonds or coupons; provided, however, that if the Issuer, its successors or assigns, shall well and truly pay, or cause to be paid, the principal of, including any applicable redemption premiums, the Bonds and the interest due or to become due thereon, at the time and in the manner provided in the Bonds and the interest coupons appertaining to the Bonds, respectively, according to the true intent and meaning thereof, and shall make the payments into the Bond Fund as required under Article V or shall provide, as permitted hereby, for the payment thereof by depositing or causing to be deposited with the Trustee sufficient amounts, and shall well and truly keep, perform and observe all the covenants and conditions pursuant to the terms of this Indenture to be kept, performed and observed by it, and shall pay to the Trustee all sums of money due or to become due to it in accordance with the terms and provisions hereof, then upon such final payments the Indenture and the rights hereby granted shall cease, terminate and be void; otherwise this Indenture to be and remain in full force and effect.

THIS INDENTURE FURTHER WITNESSETH that, and it is expressly declared, all the Bonds issued and secured hereunder are to be issued, authenticated and delivered and all said rents, revenues and receipts hereby pledged are to be dealt with and disposed of under, upon and subject to the terms,

conditions, stipulations, covenants, agreements, trusts, uses and purpose as hereinafter expressed, and the Issuer has agreed and covenanted, and does hereby agree and covenant with the Trustee and with the respective holders and owners, from time to time of the Bonds or coupons thereto appertaining or any part thereof, as follows, that is to say:

ARTICLE I
DEFINITIONS

Section 101. Definitions. The following terms shall have the following meanings in the Indenture:

"Act" means the Rhode Island Industrial Facilities Corporation Act (Title 45, Chapter 37.1 of the General Laws of Rhode Island, 1956) as amended to the date of this Indenture.

"Authorized Company Representative" means such person, and his alternate or alternates, at the time designated by written certificate furnished to the Issuer and the Trustee containing the specimen signatures of such persons and signed on behalf of the Company by the president or any vice-president of the Company, to act on behalf of the Company. All notices and requests permitted or required to be given by the Company hereunder shall be signed by an Authorized Company Representative.

"Authorized Issuer Representative" means such person at the time designated by written certificate furnished to the Company and the Trustee containing the specimen signature of such person and signed on behalf of the Issuer by its chairman or vice-chairman, to act in behalf of the Issuer. Such certificate shall designate an alternate or alternates. Any such person shall be satisfactory to the Company and shall be replaced promptly by the Issuer upon written request of the Company.

"Authorized Newspaper" shall mean a newspaper customarily published at least once a day for at least five days (other than legal holidays) in each calendar week, printed in the English language and of general circulation in the Borough of Manhattan, City and State of New York.

"Bonds" means the Issuer's proposed \$1,500,000 aggregate principal amount of Industrial Development Revenue Bonds (1974 Providence and Worcester Company Project) authorized to be issued pursuant to the terms and conditions of Section 202.

"Bond Fund" means the Fund established by Section 501.

"Bondholder" or "holder" means the bearer of any coupon Bond not registered as to principal, the registered owner of any coupon Bond registered as to principal other than to bearer and the registered owner of any registered Bond without coupons. The word "holder" when used with reference to a coupon shall mean the bearer of such coupon.

"Company" means Providence and Worcester Company, a Delaware corporation, and its successors and assigns, including any surviving, resulting or transferee corporation as provided under the Lease Agreement.

"Indenture" means this instrument, pursuant to which the Bonds are to be issued, and any amendments and supplements thereto.

"Independent Engineer" shall have the meaning given thereto in the Lease Agreement.

"Issuer" means the Rhode Island Industrial Facilities Corporation and any successor thereof or thereto.

"Lease Agreement" means the lease agreement dated as of January 1, 1974 between the Issuer and the Company and any and all amendments thereof hereafter made.

"Locomotives" shall have the meaning given thereto in the Lease Agreement.

"Outstanding" when used with reference to Bonds and as of any particular date, describes all Bonds theretofore and thereupon being authenticated and delivered except (a) any Bond cancelled by the Trustee or proven to the satisfaction of the Trustee to have been cancelled by the Issuer on or before said date, (b) any Bond for payment or redemption of which moneys equal to the principal amount or Redemption Price thereof as the case may be, with interest to the date of maturity or redemption date, shall have theretofore been deposited with the Trustee in trust (whether upon or prior to maturity or the redemption date of such Bond) and, except in the case of a Bond to be paid at maturity, of which notice shall have been given or provided for in accordance with Article III, and (c) any Bond in lieu of or in substitution for which another bond shall have been authenticated and delivered pursuant to Article II or Section 304.

"Paying Agent" means any paying agent for the Bonds (and may include the Trustee, as hereinafter defined), and its successor or successors and any other corporation which may at any time be substituted in its place pursuant hereto.

"Project Fund" means the Fund established by Section 402.

"Redemption Price" when used with respect to a Bond or portion thereof means the principal amount of such Bond or portion thereof plus the applicable premium, if any, payable upon redemption thereof as provided in such Bond or the Indenture and any additional premium or special premium payable as the result of the occurrence of a Tax Incidence Date.

"Related Person", when used with respect to the Company shall mean any person, firm or corporation constituting a related person to the Company or any subsequent lessee of the Locomotives within the meaning of Section 103(c)(7) of the Internal Revenue Code.

"Sinking Fund Installments" means the respective amounts described in the Bond forms set forth in Sections 212 and 213 with respect to the Bonds less the amount of the credit provided for in subsection 2 of Section 503 and Section 507.

"Supplemental Indenture" means any indenture supplemental to or amendatory of this Indenture, adopted by the Issuer in accordance with Article IX.

"Tax Incidence Date" means the date upon which an event occurs which causes interest on the Bonds (other than Bonds held by the Company or any Related Person) to be includable in the gross income of the recipient thereof for Federal income tax purposes pursuant to Section 10 of the Internal Revenue Code.

"Trustee" means Rhode Island Hospital Trust National Bank, and its successor or successors hereafter appointed in the manner provided in this Indenture.

Unless the context shall otherwise indicate, words importing the singular number shall include the plural number and vice versa, and words importing persons shall include firms, associations, partnerships (including limited partnerships), trusts, corporations, or other legal entities (including public bodies), as well as natural persons.

Articles and Sections referred to by number shall, unless the context otherwise requires, mean the corresponding Articles and Sections of this Indenture.

The terms "hereby," "hereof," "hereto," "herein," "hereunder," and any similar terms, as used in this Indenture, refer to this Indenture.

ARTICLE II
AUTHORIZATION AND ISSUANCE OF BONDS

Section 201. Authorized Amount of Bonds; Pledge Effected by the Indenture. 1. No Bonds may be authenticated and delivered under the provisions of this Indenture except in accordance with this Article II. The total principal amount of Bonds that may be authenticated and delivered hereunder is expressly limited to One Million Five Hundred Thousand Dollars (\$1,500,000).

2. The rents, revenues and receipts derived from or in connection with the acquisition and lease of the Locomotives, including moneys received under the Lease Agreement (or subsequent lease of the Locomotives), which are required to be set apart and transferred to the Bond Fund and pledged thereto (including the investments, if any, thereof) are hereby pledged for the payment of the principal or Redemption Price of, and interest on, and Sinking Fund Installments for the Bonds, in accordance with their terms and the provisions of this Indenture and subject only to the provisions of this Indenture permitting the application thereof for the purposes and on the terms set forth in this Indenture. The Bonds shall be payable as to interest, principal and Redemption Price, if any, solely from the revenues pledged therefor deposited in the Bond Fund as hereinafter set forth, and shall be a valid claim of the Holders thereof only against such fund and the rents, revenues and receipts required

to be set apart and transferred to such fund and pledged thereto. The Bonds are additionally secured by a lien on and a security interest in the Locomotives. The State of Rhode Island pledges to and agrees with the holders of any bonds issued under the Act, and with those parties who may enter into contracts with the Issuer pursuant to the provisions of the Act, that the State of Rhode Island will not limit or alter the rights thereby vest in the Issuer until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the Issuer, provided that nothing therein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds of the Issuer or those entering into such contracts with the Issuer. The Issuer is authorized to include this pledge and undertaking for the State of Rhode Island in such bonds or contracts under the provisions of the Act. The State of Rhode Island, however, shall not be liable for the payment of the principal of or interest on any Bonds of the Issuer, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer and none of the Bonds of the Issuer and interest coupons appertaining thereto shall be construed to constitute an indebtedness of the State of Rhode Island within the meaning of any constitutional or statutory provision whatsoever; nor shall the issuance of Bonds directly or indirectly or contingently obligate the State of Rhode Island or any municipality or political subdivision thereof to levy or to pledge any form of taxation whatever therefor or to make any appropriation for their payment.

Section 202. Industrial Development Revenue Bonds (1974

Providence and Worcester Company Project). 1. The Bonds issued under and secured by this Indenture shall be in the aggregate principal amount of \$1,500,000 and shall be designated "Industrial Development Revenue Bonds (1974 Providence and Worcester Company Project)". The Bonds coupon in form shall be numbered separately from 1 consecutively upwards in order of their maturities, and when in registered form shall be numbered separately from 1 consecutively upwards and shall be lettered R, and shall bear interest except as hereinafter set forth so long as the Bonds remain Outstanding from the date thereof, payable semi-annually on the first days of January and July in each year at the rate of seven per centum (7%) per annum and shall mature on January 1 in each of the following years, in the following amounts:

<u>Year</u>	<u>Principal Amount</u>
1975	\$ 60,000
1976	65,000
1977	70,000
1978	75,000
1979	75,000
1980	85,000

and \$1,070,000 due January 1, 1989.

The Bonds maturing on January 1, 1989 are subject to redemption prior to maturity in part by lot by application of the Sinking Fund Installments on January 1 of each of the years set forth in the following table in the respective principal amounts set forth opposite such years in said table and in each case at the redemption price of the principal amount thereof

plus interest accrued and unpaid to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
1981	\$ 90,000
1982	95,000
1983	100,000
1984	110,000
1985	115,000
1986	125,000
1987	135,000
1988	145,000
1989	155,000

2. Coupon Bonds and, except as otherwise provided in this subsection 2 of this Section 202 with respect to registered Bonds, shall be dated January 1, 1974. Each registered Bond issued on or subsequent to the first interest payment date thereof shall be dated as of the date six months preceding the interest payment date next following the date of authentication thereof by the Trustee, unless such date of authentication shall be an interest payment date, in which case it shall be dated as of such date of authentication. However, if as shown by the records of the Trustee, interest on the Bonds shall be in default, registered Bonds issued in exchange for Bonds surrendered for transfer or exchange shall be dated as of the date to which interest has been paid in full on the Bonds surrendered.

Coupon Bonds shall be payable as to interest, principal and Redemption Price except as otherwise provided in the case of registration as provided in Section 208 hereof, upon presentation and surrender of such Bonds or interest coupons as they respectively become due at the office of the Paying Agent. The principal of and premium, if any, on coupon Bonds registered as to principal, other than to bearer, and the

principal of, premium, if any, and interest on registered Bonds shall be payable, subject to collection, by check or draft drawn upon the Trustee.

3. In the case of any redemption resulting from the exercise of the Company's option to purchase the Locomotives pursuant to Section 8.1 of the Lease Agreement, the Company shall file with the Issuer and the Trustee the documents required to be filed pursuant to Section 8.1 of the Lease Agreement not later than 45 days prior to the redemption date.

Section 203. Delivery of Bonds. The Bonds shall be executed in the form and manner set forth in this Indenture and shall be deposited with the Trustee and thereupon shall be authenticated by the Trustee. Upon payment to the Trustee of the proceeds of sale of the Bonds, the Bonds shall be delivered by the Trustee to or upon the order of the purchasers thereof, but only upon receipt by the Trustee of:

(a) a copy, duly certified by the Secretary of the Issuer, of the resolutions of the Issuer authorizing the execution and delivery of the Lease Agreement and this Indenture and authorizing the issuance, sale and delivery of the Bonds;

(b) an original executed counterpart of the Lease Agreement and this Indenture;

(c) a written opinion by an attorney or firm of attorneys of recognized standing on the subject of municipal bonds, to the effect that the issuance of the Bonds and the execution thereof have been duly authorized and that all conditions precedent to the delivery thereof have been fulfilled;

(d) the written order to the Trustee on behalf of the Issuer and signed by its Chairman to authenticate and deliver the Bonds to the purchaser or purchasers therein identified upon payment to the Trustee for the account of the Issuer of a specified sum plus accrued interest;

(e) a copy, duly certified by the Secretary of the Issuer, of the election of the Issuer to have the provisions of Section 103 (c) (1) of the Internal Revenue Code, not apply to the Bonds, the aggregate authorized face amount of which is \$5,000,000 or less; and

(f) a certificate of an independent certified public accountant selected by the Company setting forth the amount of all capital expenditures by the Company (or any Related Person) paid or incurred during the three year period immediately preceding the issuance of the Bonds with respect to facilities and equipment, including without limitation terminals, tracks, switches, rolling stock (including locomotives and cabooses) which are located in Rhode Island or Massachusetts.

Section 204. Denomination and Form; Medium of Payment. The Bonds shall be issued as (a) coupon bonds in the denomination of \$5,000 registrable as to principal, or (b) registered bonds in the denomination of \$5,000 or a whole multiple thereof. The coupon Bonds, the coupons and the fully registered Bonds shall be substantially in the form set forth in this Indenture with such variations, insertions or omissions as are appropriate

and not inconsistent therewith and shall conform generally to the rules and regulations of any governmental authority or usage or requirement of law with respect thereto. The Bonds shall be payable with respect to interest, principal and Redemption Price, in any coin or currency of the United States of America which at the time of payment is legal tender for the payment of public and private debts.

Section 205. Execution of Bonds. The Bonds shall be executed on behalf of the Issuer by the manual or facsimile signature of the Chairman or Vice Chairman of the Issuer, and the corporate seal of the Issuer shall be affixed thereto or imprinted thereon and attested by the manual or facsimile signature of the Secretary or Assistant Secretary of the Issuer. One of such signatures shall be manual. The interest coupons attached to the coupon Bonds shall bear and be signed and authenticated by the facsimile signature of said Chairman or Vice Chairman. Any facsimile signatures shall have the same force and effect as if the appropriate officer had personally signed each of said Bonds and each of said coupons. In case one or more of the officers who shall have signed or attested the Bonds or whose reproduced facsimile signature appears thereon or on the interest coupons attached thereto shall cease to be such officer or officers before the Bonds so signed and attested shall have been actually issued and delivered the Bonds may be issued and delivered as though the person who signed or attested or whose reproduced facsimile signature appears on the Bonds or the interest coupons attached thereto had not ceased to be such officer.

Section 206. Authentication. Only such Bonds as shall have endorsed thereon a certificate of authentication duly executed by the Trustee shall be entitled to any right or benefit under this Indenture. No Bond and no coupon appertaining to any Bond shall be valid or obligatory for any purpose unless and until such certificate or authentication on such Bond shall have been duly executed by the Trustee. Such certificate of the Trustee upon any such Bond shall be conclusive evidence that such Bond has been duly authenticated and delivered under the Indenture. The Trustee's certificate of authentication on any Bond shall be deemed to have been duly executed if signed by an authorized signature of the Trustee, but it shall not be necessary that the same officer sign the certificate of authentication on all the Bonds. Before authenticating and delivering any Bonds the Trustee shall detach and cancel all matured coupons not in default, if any, appertaining thereto.

Section 207. Registration of Bonds; Transfers. All the Bonds issued under this Indenture shall be negotiable, subject to the provisions for registration and transfer contained in this Indenture and in the Bonds. The Trustee shall be the registrar for the Bonds unless otherwise provided in any indenture supplemental hereto. So long as any of the Bonds shall remain Outstanding, the Trustee shall maintain and keep at its office, books for the registration and transfer of Bonds. Upon presentation thereof for such purpose at said office, the Trustee, under such reasonable

regulations as it may prescribe, shall register or cause to be registered therein and permit to be transferred thereon any Bond entitled to registration or transfer.

All coupon Bonds shall be transferable by delivery, unless registered as to principal other than to bearer in the manner provided in this Section 207. Any coupon bond may be registered as to principal on the books of the registrar upon presentation thereof at the corporate trust office of the Trustee and the payment of a charge sufficient to reimburse the Issuer and the Trustee for all taxes, fees or other governmental charges required to be paid with respect to such registration, and the registration shall be noted on such Bond. After registration no transfer thereof shall be valid unless made on the books of the registrar at the written request of the registered owner or his duly authorized representative and similarly noted on such Bond. However, such Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. Thereafter, the Bond may again, from time to time, be registered or discharged from registration in the same manner. Such registration, however, shall not affect the negotiability by delivery of the coupons appertaining to such Bond, but such coupons shall continue to be transferable by delivery and shall remain payable to bearer.

Each registered Bond shall be transferable only upon the books of the Issuer kept for that purpose at the corporate trust office of the Trustee

by the registered owner thereof in person or by his attorney duly authorized in writing, upon surrender thereof, together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney. Thereupon, the Issuer shall issue in the name of the transferee, in authorized denominations, one or more fully registered Bonds, or, at the option of the transferee, a coupon Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount, maturity and interest rate as the surrendered Bond.

Section 208. Persons Treated as Owners. The Issuer and the Trustee may, for the purposes indicated, whether or not such Bonds or coupons are overdue, deem and treat the following persons as the absolute owners and holders of the Bonds and coupons described below, and neither the Issuer nor the Trustee shall be affected by any notice to the contrary;

(a) For the purpose of receiving payment of, or on account of, the principal, interest and premium, if any, in respect of any fully registered Bond and for all other purposes, the person in whose name such Bond shall be registered upon the books of the registrar;

(b) For the purpose of receiving payment of, or on account of, the principal and premium, if any, in respect of any coupon Bond registered as to principal only other than to bearer and for all other purposes other than receiving payment of the coupons appertaining thereto, the person in whose name

such Bond shall be registered upon the books of the registrar;

(c) For the purpose of receiving all payment of principal, interest and premium, if any, in respect of any coupon Bond not registered as to principal, any Bond registered as to principal only to bearer, and any coupon, and for all other purposes, the holder thereof.

Payment made to the person deemed to be the owner of any Bond or coupon for the purpose of such payment in accordance with the provision of this Section 208 shall be valid and effectual, to the extent of the sum or sums so paid, to satisfy and discharge the liability upon such Bond or coupon in respect of which such payment was made.

Section 209. Exchange of Bonds. So long as any of the Bonds remain Outstanding, the Issuer shall make all necessary provisions to permit the exchange of Bonds at the corporate trust office of the Trustee. Coupon Bonds, upon surrender thereof at the corporate trust office of the Trustee with all unmatured coupons and all matured coupons, if any, not theretofore paid or duly provided for attached, may, at the option of the holder thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same series, maturity and interest rate in any denominations authorized therefor.

Registered Bonds, upon surrender thereof at the corporate trust office of the Trustee with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or his duly authorized representative may, at the option of the registered owner thereof, be

exchanged for an equal aggregate principal amount of coupon Bonds of the same series, maturity and interest rate with appropriate coupons attached, or of registered Bonds of the same series, maturity and interest rate of any other authorized denominations, or for a combination of coupon Bonds and fully registered Bonds of the same series, maturity and interest rate in an aggregate principal amount equal to the principal amount of the fully registered Bonds so surrendered.

Section 210. Payment For and Limitations on Exchanges and Transfers. In all cases in which the privilege of exchanging or transferring the Bonds is exercised, the Issuer shall execute and the Trustee shall authenticate and deliver Bonds in accordance with the provisions hereof. The Bonds in changed form or denominations shall be exchanged for the surrendered Bonds in such manner that no overlapping interest is paid, and such Bonds in changed form or denominations shall be of the same series, bear interest at the same rate or rates and mature on the same date or dates as the Bonds for which they are exchanged. All Bonds and coupons surrendered in any such exchanges or transfers shall forthwith be cancelled by the Trustee. For every such exchange or transfer of Bonds, the Trustee may make a charge sufficient to reimburse it for any tax, fee or other governmental charge required to be paid with respect to such exchange or transfer, and, except (i) in the case of a Bond issued upon the first exchange or transfer of a registered Bond issued upon origin issuance, (ii) in the case of a registered Bond issued upon the first exchange

or transfer of a coupon Bond or Bonds surrendered for such purpose within 90 days after the first authentication and delivery of any of the Bonds, or (iii) as otherwise provided in the Indenture, may charge a sum sufficient to pay the cost of preparing each new Bond issued upon such exchange or transfer, which sum or sums shall be paid by the person requesting such exchange or transfer as a condition precedent to the exercise of the privilege of making such exchange or transfer. Neither the Issuer nor the Trustee shall be required (a) to register, transfer or exchange Bonds for a period of fifteen days next preceding an interest payment date on Bonds or next preceding any selection of Bonds to be redeemed or thereafter until after the first publication or mailing of notice of redemption of Bonds; or (b) to register, transfer or exchange any Bond called for redemption in whole or in part.

Section 211. Bonds Mutilated, Destroyed, Stolen or Lost. In case any Bond shall become mutilated or be destroyed, stolen or lost, the Issuer shall execute, and thereupon the Trustee shall authenticate and deliver, a new Bond (with appropriate coupons attached) of like series, maturity, interest rate and principal amount as such Bond and attached coupons, if any, so mutilated, destroyed, stolen or lost, in exchange and substitution for such mutilated Bond, upon surrender and cancellation of such mutilated Bond and attached coupons, if any, or in lieu of and substitution for the Bond and coupons, if any, destroyed, stolen or lost, upon filing with the Trustee evidence satisfactory to it that such Bond and attached coupons, if any, have been destroyed, stolen or lost and

proof of ownership thereof, and upon furnishing the Issuer and the Trustee with indemnity satisfactory to them and complying with such other reasonable regulations as the Trustee may prescribe and paying such expenses as the Trustee may incur. All Bonds and coupons so surrendered to the Trustee shall be cancelled by it. Every new Bond issued pursuant to the provisions of this Section 211 by virtue of the fact that any Bond is destroyed, lost or stolen, shall, with respect to such Bond constitute a contractual obligation of the Issuer whether or not the destroyed, lost or stolen Bond shall be found and shall be enforceable at any time, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Bonds duly issued hereunder. All Bonds shall be held and owned upon the express condition (to the extent lawful) that the foregoing provisions are exclusive with respect to the replacement or payment of mutilated, destroyed or lost or stolen Bonds and shall preclude any and all other rights and remedies, notwithstanding any law or statute existing or hereafter enacted to the contrary with respect to the replacement or payment of negotiable instruments or other securities without their surrender. In the event any such destroyed, stolen or lost Bond shall have matured, or be about to mature, the Issuer instead of issuing a new Bond may pay the same without surrender thereof.

Section 212. Form of Coupon Bonds and Coupons. The coupon Bonds, the interest coupons to be attached thereto and the certificate of authentication to be endorsed thereon by the Trustee and the form of

registration, shall be, respectively, in substantially the following forms, with necessary and appropriate variations, omissions and insertions as permitted or required by the Indenture (although not set forth in the form, the approving opinion of bond counsel may be printed on the coupon Bonds).
to wit:

[FORM OF COUPON BOND]

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

Industrial Development Revenue Bond

(1974 Providence and Worcester Company Project)

No.

\$5,000

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

(herein called the "Issuer") created and established as a non-business corporation under and pursuant to the general laws of the State of Rhode Island and Providence Plantations (herein called the "State of Rhode Island") and constituted and established as a public body corporate and agency of the State of Rhode Island by virtue of the Rhode Island Industrial Facilities Corporation Act (Title 45, Chapter 37.1 of the General Laws of Rhode Island, 1956), and the acts amendatory thereof and supplemental thereto (herein collectively called the "Act"), acknowledges itself indebted and for value received, hereby promises to pay to the bearer or, if this Bond be registered as herein provided, to the registered owner hereof, on the first day of _____, 19____, upon presentation and surrender hereof, the principal sum of Five Thousand Dollars (\$5,000) solely from the rents, revenues and receipts derived from the leasing of the Locomotives hereinafter referred to or any other revenues and receipts derived from the Locomotives pledged therefor under the Indenture hereinafter referred to, and to pay, solely from such rents, revenues and receipts interest on said principal sum from the date hereof until the Issuer's

obligation with respect to the payment of such principal sum shall be discharged, at the rate of seven per centum (7%) per annum, payable semi-annually on the first days of January and July in each year, but only, in the case of interest due at or prior to the maturity of this Bond, according to the tenor of the respective coupons therefor annexed hereto and upon presentation and surrender of the said coupons as they severally become due. This Bond, as to principal, interest and redemption price when due, will be payable at the principal office of Rhode Island Hospital Trust National Bank, Providence, Rhode Island, a paying agent of the Issuer, or of its successor as such paying agent, in any coin or currency of the United States of America which, at the time of payment is legal tender for the payment of public and private debts.

This Bond is one of the Industrial Development Revenue Bonds (1974 Providence and Worcester Company Project) of the Issuer (each herein called "Bond") issued in the aggregate principal amount of \$1,500,000 under and by virtue of the Act and by virtue of a resolution duly adopted by the Issuer on January 22, 1974, and equally and ratably secured under an Indenture of Mortgage and Trust dated as of the first day of January 1974, by and between the Issuer and Rhode Island Hospital Trust National Bank (said Bank and any successor thereto being herein called the "Trustee") as the same from from to time has been or may be amended, modified,

or supplemented by supplemental indenture (such Indenture and any and all such supplemental indentures being herein collectively called the "Indenture"), for the purpose of acquiring five Model M-420-R 2000 h. p. diesel locomotives (herein called the "Locomotives") and leasing the same to Providence and Worcester Company (herein called the "Company") under and pursuant to a lease agreement, dated as of January 1, 1974 (said lease agreement and any and all amendments thereof and any subsequent lease of the Locomotives being herein collectively called the "Lease Agreement"). Copies of the Indenture and the Lease Agreement are on file at the principal office of the Trustee in Providence, Rhode Island, and reference is made to the Indenture and the Lease Agreement for the provisions relating among other things, to the liability of the Company, terms of and security for the Bonds, the custody and application of the proceeds of the Bonds, the rights and remedies of the holders of the Bonds, amendments, and the rights, duties and obligations of the Issuer and the Trustee. Such liability of the Company and obligations of the Issuer under the Indenture may be discharged at or prior to the maturity or redemption of the Bonds upon the making of provision for payment thereof on the terms and conditions set forth in the Indenture.

This Bond and the coupons attached hereto are transferable by delivery, unless this Bond is registered as to principal other than to bearer. It may be registered as to principal in the name of the bearer on the books of the Issuer kept for that purpose at the corporate trust

office of the Trustee, such registration to be noted hereon, after which no transfer hereof shall be valid unless made on said books by the registered owner hereof in person or by his attorney duly authorized in writing, and similarly noted hereon; but this Bond may be discharged from registration by being in like manner transferred to bearer, after which it shall again become transferable by delivery. This Bond may again, from time to time, be registered or discharged from registration in the same manner. Such registration, however, shall not affect the negotiability by delivery of the coupons appertaining hereto, which shall continue to pass by delivery merely and shall remain payable to bearer.

The Bonds are issuable in the form of coupon Bonds in the denomination of \$5,000 and in the form of registered Bonds without coupons in the denomination of \$5,000 or any whole multiple of \$5,000. Coupon Bonds, upon surrender thereof at the corporate trust office of the Trustee with all unmatured coupons and all matured coupons for which no payment or only partial payment has been provided attached, may, at the option of the bearer thereof, be exchanged for an equal aggregate principal amount of registered Bonds of the same maturity of any of the authorized denominations, in the manner, subject to the conditions and upon the payment of any charges provided for in the Indenture. In like manner, subject to such conditions and upon the payment of such charges, registered Bonds, upon surrender thereof at said office with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner thereof or by his attorney duly authorized in writing, may, at the option of the registered owner

thereof, be exchanged for an equal aggregate principal amount of coupon Bonds of the same maturity with appropriate coupons attached or of registered Bonds of the same maturity of any of the authorized denominations.

This Bond and the issue of Bonds of which it forms a part and the interest coupons appertaining thereto are payable solely out of the rents, revenues and receipts derived from the leasing of the Locomotives or any other revenues and receipts derived from the Locomotives. The Bonds are further secured by a pledge of the Lease Agreement and by the lien of the Indenture on the Locomotives. The State of Rhode Island pledges and agrees with the holders of any bonds issued under the Act, and with those parties who may enter into contracts with the Issuer pursuant to the provisions of the Act, that the State of Rhode Island will not limit or alter the rights thereby vested in the Issuer until such obligations, together with the interest thereon, are fully met and discharged and such contracts are fully performed on the part of the Issuer, provided that nothing therein contained shall preclude such limitation or alteration if and when adequate provision shall be made by law for the protection of the holders of such bonds of the Issuer or those entering into such contracts with the Issuer. The Issuer is authorized to include this pledge and undertaking for the State of Rhode Island in such bonds or contracts under the provisions of the Act. The State of Rhode Island, however, shall not be liable for the payment of

the principal of or interest on any Bonds of the Issuer, or for the performance of any pledge, mortgage, obligation or agreement of any kind whatsoever which may be undertaken by the Issuer and none of the Bonds of the Issuer and the interest coupons appertaining thereto shall be construed to constitute an indebtedness of the State of Rhode Island within the meaning of any constitutional or statutory provision whatsoever, nor shall the issuance of the Bonds directly or indirectly or contingently obligate the State of Rhode Island or any municipality or political subdivision thereof to levy or to pledge any form of taxation whatever therefor or make any appropriation for their payment.

The Bonds are not subject to redemption except as hereinafter set forth. Bonds maturing on January 1, 1989, are subject to redemption prior to maturity at the option of the Issuer, upon payments being made under the Lease Agreement, upon published notice as provided in the Indenture, as a whole at any time or in part by lot on any interest payment date on or after January 1, 1984, at the respective redemption prices (expressed as percentages of principal amount to be so redeemed) set opposite the periods set forth in the following table, plus interest accrued and unpaid to the date of redemption:

<u>From</u>	<u>To and Including</u>	<u>Redemption Prices</u>
January 1, 1984	December 31, 1984	105%
January 1, 1985	December 31, 1985	104%
January 1, 1986	December 31, 1986	103%
January 1, 1987	December 31, 1987	102%
January 1, 1988	and thereafter	101%

The Bonds maturing on January 1, 1989 are also subject to redemption prior to maturity in part by lot by application of the Sinking Fund Installments on January 1 of each of the years set forth in the following table in the respective principal amounts set forth opposite such years in said table and in each case at the redemption price of the principal amount thereof plus interest accrued and unpaid to the date of redemption:

<u>Year</u>	<u>Principal Amount</u>
1981	90,000
1982	95,000
1983	100,000
1984	110,000
1985	115,000
1986	125,000
1987	135,000
1988	145,000
1989	155,000

The Bonds are also subject to redemption as a whole at any time after their issuance at the principal amount thereof plus accrued interest to the redemption date if one or more of the following events, as evidenced by a certificate of the Authorized Company Representative as defined in the Indenture, shall have occurred:

- (a) The Locomotives or any locomotive thereof shall have been damaged or destroyed to such extent

that as evidenced by a certificate of an Independent Engineer (as defined in the Indenture) acceptable to the Trustee and filed with the Issuer and the Trustee (i) it cannot be reasonably restored within a period of six months to the condition thereof immediately preceding such damage or destruction, or (ii) the Company or any sublessee of the Locomotives is thereby prevented from carrying on its normal use and operation of the Locomotives for a period of six consecutive months, or (iii) the cost of restoration thereof would equal or exceed the principal amount of Bonds Outstanding.

(b) As a result of changes in the Constitution of the United States of America or the State of Rhode Island, or of legislative or executive action of said State or any political subdivision thereof or of the United States of America, or by final decree or judgment of any court after the Company's contest thereof, the Lease Agreement becomes void or unenforceable or impossible of performance in accordance with the intent and purpose of the parties as expressed therein or unreasonable burdens or excessive liabilities are imposed upon the Company or any sublessee of the Locomotives.

Notwithstanding the foregoing redemption provisions for the Bonds if (i) capital expenditures are or have been incurred with respect to

facilities and equipment, including without limitation, terminals, tracks, switches, rolling stock (including locomotives and cabooses) which are located in Rhode Island or Massachusetts and the principal user of which is the Company or any related person (as defined in Section 103(c)(6)(C) of the Internal Revenue Code) or the Company or any related person shall acquire stock or otherwise gain control of any person, firm or corporation so as to cause such person, firm or corporation to become a related person to the Company, or the Company shall merge or consolidate with another corporation, or take any other action, or (ii) any person, firm or corporation shall acquire the stock or otherwise gain control, of the Company or any related person so as to make the Company a related person to such other person, firm or corporation, and the effect of such capital expenditures, acquisition, control, merger, consolidation or other action by the Company (or any related person) or such other person, firm or corporation would be to cause interest on the Bonds (other than those held by the Company or any related person) to be includable in the gross income of the recipient thereof for Federal income tax purposes, no Bonds (except those Bonds for which notice of redemption shall have been given prior to the Tax Incidence Date (as defined in the Indenture)), shall be subject to redemption and no notice of redemption thereof shall be given, provided that the Bonds shall be subject to redemption prior to maturity in the manner and as provided in the Indenture, as a whole or in part, out of amounts available for the purpose in the Bond Fund established under the Indenture including special additional payments made under the Lease Agreement

at the redemption price of 108% of the principal amount thereof plus accrued interest to the redemption date. If not redeemed within four months subsequent to the Tax Incidence Date, the Bonds shall thereafter bear interest at the rate of 8% until redeemed. In the event that any Bonds (except those Bonds for which notice of redemption shall have been given prior to the Tax Incidence Date) are paid at maturity or purchased by the Company or the Trustee or redeemed by operation of the Bond Fund or otherwise under the Indenture subsequent to said Tax Incidence Date without receiving payment of an amount at least equal to the above redemption price, the Holders of such Bonds at the time of maturity, purchase or redemption, upon establishing their then ownership thereof, shall be entitled to receive as an additional premium thereon an amount equal to the difference between the amounts received upon such retirement of such Bonds and the amounts that would have been received if such Bonds had been redeemed on the date of such retirement at the applicable redemption price set forth above.

If less than all of the Bonds of like maturity outstanding at any time are to be redeemed, the particular Bonds to be redeemed shall be selected by lot as provided in the Indenture. Notice of redemption shall be published at least once in a newspaper printed in the English language and published and of general circulation in the Borough of Manhattan, City

and State of New York, and otherwise as provided in the Indenture, not less than thirty days nor more than sixty days prior to the redemption date, all in the manner and upon the terms and conditions set forth in the Indenture. If notice of redemption shall have been published as aforesaid, the Bonds or portions thereof specified in said notice shall become due and payable at the applicable redemption price on the redemption date therein designated, and if, on the redemption date, moneys for the payment of the redemption price of all the Bonds to be redeemed, together with interest to the redemption date, shall be available for such payment on said date, then from and after the redemption date interest on such Bonds shall cease to accrue and become payable and the coupons for interest appertaining thereto maturing subsequent to the redemption date shall be void. Less than all of a registered Bond without coupons in a denomination in excess of \$5,000 may be so redeemed, and in such case, upon the surrender of such Bond, there shall be issued to the registered owner thereof, without charge therefor, for the unredeemed balance of the principal amount of such Bond, at the option of such owner, either coupon Bonds or registered Bonds of like maturity in any of the authorized denominations, all as more fully set forth in the Indenture.

It is hereby certified and recited that all conditions, acts and things required by the Constitution or statutes of the State of Rhode Island or the Indenture to exist, to have happened or to have been

performed precedent to or in the issuance of this Bond exist, have happened and have been performed and that the issuance of this Bond, and the issue of which it is a part is within every debt and other limit prescribed by said Constitution or statutes.

Neither this Bond nor any coupons for interest thereon shall be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose unless the certificate of authentication herein has been duly executed by the Trustee.

IN WITNESS WHEREOF, RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION has caused this Bond to be signed in its name and on its behalf by the manual or facsimile signature of its Chairman, and its corporate seal to be affixed, imprinted or reproduced hereon and attested by the manual or facsimile signature of its Secretary, and coupons for interest bearing and signed and authenticated by the facsimile signature of its Chairman, to be hereunto attached, all as of the _____ day of _____

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

[Seal]

Attest:

By _____
Chairman

Secretary

[FORM OF PROVISIONS FOR REGISTRATION]

This Bond may be registered in the name of the holder on books kept by the Trustee, as to principal only, such registration being noted hereon by the Trustee in the registration blank below, after which no transfer shall be valid unless made on said books by the registered holder or attorney duly authorized and similarly noted in the registration blank below, but it may be discharged from registration by being transferred to bearer, after which it shall be transferable by delivery, but it may be again registered as before. The registration of this Bond as to principal shall not restrain the negotiability of the coupons by delivery.

FORM FOR REGISTRATION

Date of Registration	In Whose Name Registered	Manner of Registration	Registrar
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

[FORM OF COUPONS]

No. _____

On the First day of _____, [unless the Bond herein-
after mentioned shall have been duly called for previous redemption and
payment of the redemption price made or duly provided for] RHODE ISLAN
INDUSTRIAL FACILITIES CORPORAT ION (herein called the "Issuer")
will pay to the bearer at the principal office of Rhode Island Hospital
Trust National Bank, Providence, Rhode Island, a paying agent of
the Issuer or of its successor as such paying agent, upon surrender
of this coupon, solely from the rents, revenues and receipts lawfully
pledged therefor referred to in the Bond hereinafter mentioned

Dollars (\$ _____) in any coin or currency
of the United States of America which at the time of payment is legal
tender for the payment of public and private debts, being the interest
then due on its Industrial Development Revenue Bond (1974 Providence
and Worcester Company Project) dated _____, No. _____.

By _____
Chairman, Rhode Island Industria
Facilities Corporation

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

TRUSTEE'S CERTIFICATE

This Bond is one of the Bonds of the issue described in the within mentioned Indenture.

Rhode Island Hospital Trust National Bank

Trustee

By _____
Authorized Officer

Section 213. Form of Registered Bonds. The registered Bonds shall be in substantially the form of the coupon Bond hereinabove set forth with necessary and appropriate variations, omissions and insertions as permitted or required by the Indenture (although not set forth in the form, the approving opinion of bond counsel may be printed on the registered Bonds) except that the first, third, twelfth and thirteenth paragraphs of said registered Bonds shall be in substantially the respective forms set forth below, to wit:

[FORM OF FIRST PARAGRAPH]

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

(herein called the "Issuer") created and established as a non-business corporation under and pursuant to the general laws of the State of Rhode Island and constituted and established as a public body corporate and agency of the State of Rhode Island by virtue of the Rhode Island Industrial Facilit

the books of the Issuer kept for that purpose at the corporate trust office of the Trustee, by the registered owner hereof in person or by his attorney duly authorized in writing, upon surrender hereof together with a written instrument of transfer satisfactory to the Trustee duly executed by the registered owner or such duly authorized attorney, and thereupon the Issuer shall issue in the name of the transferee, in authorized denominations, one or more fully registered Bonds, or, at the option of the transferee, a coupon Bond or Bonds with appropriate coupons attached, of the same aggregate principal amount and maturity as the surrendered Bond as provided in the Indenture and upon the payment of any charges therein prescribed. The Issuer, the Trustee and any paying agent of the Issuer may treat and consider the person in whose name this Bond is registered as the holder and absolute owner hereof for the purpose of receiving payment of, or on account of, the principal or redemption price hereof and interest due hereon and for all other purposes whatsoever.

[FORM OF TWELFTH PARAGRAPH]

This Bond shall not be entitled to any security, right or benefit under the Indenture or be valid or obligatory for any purpose, unless the certificate of authentication hereon has been duly executed by the Trustee.

[FORM OF THIRTEENTH PARAGRAPH]

IN WITNESS WHEREOF, RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION, has caused this Bond to be signed in its name and on its

ARTICLE III
REDEMPTION OF BONDS

Section 301. Privileges of Redemption and Redemption Prices.

The Bonds which are redeemable prior to maturity at the option of the Issuer shall be subject to redemption by or on behalf of the Issuer, prior to maturity and upon published notice as provided in this Article III, to such extent, through application of such moneys, at such time or times, in such order, and on such other terms and conditions, in addition to and consistent with this Article III, as shall be provided in the forms of Bonds set forth herein. In all cases any such redemption shall be made at a price equal to the principal amount of each Bond or portion thereof to be redeemed plus such redemption premium or differing redemption premiums (if any), expressed as a percentage of such principal amount, as shall be set forth in said Bonds and applicable upon such redemption, together with interest accrued to the redemption date. If less than all of the Bonds of like maturity then Outstanding are to be redeemed, the particular Bonds to be redeemed shall be selected by lot in such manner as the Trustee may determine.

Section 302. Selection of Bonds to be Redeemed by Lot. In the event of redemption by lot of Bonds of like maturity, the Trustee shall assign to each registered Bond of such maturity then Outstanding a distinctive number

for each \$5,000 of the principal amount of such Bond and shall select by lot, using such method of selection as it shall deem proper in its discretion and from the numbers of all coupon Bonds of such maturity of the denomination of \$5,000 then Outstanding and the numbers so assigned to such registered Bonds, as many numbers as, at \$5,000 for each number, shall equal the principal amount of such Bonds to be redeemed. The Bonds to be redeemed shall be the coupon Bonds of the denomination of \$5,000 bearing the numbers so selected and the registered Bonds to which were assigned numbers so selected, but only so much of the principal amount of each such registered Bond of a denomination of more than \$5,000 shall be redeemed as shall equal \$5,000 for each number assigned to it and so selected. For the purposes of this Section 302, Bonds which have theretofore been selected by lot for redemption shall not be deemed Outstanding.

Section 303. Notice of Redemption. When the Trustee shall be required or authorized, or shall receive notice from the Issuer of its election, to redeem Bonds, the Trustee shall in accordance with the terms and provisions of the Bonds and of the Indenture, select the Bonds to be redeemed and shall give notice, in the name of the Issuer, of the redemption of Bonds, which Notice shall specify the maturities of the Bonds to be redeemed, the redemption date and the place or places where amounts due upon such redemption will be payable and, if less than all of the Bonds of any like maturity are to be redeemed, the letters and numbers or other distinguishing marks of such Bonds so to be redeemed, and, in the case of

a registered Bond to be redeemed in part only, such notice shall also specify the portion of the principal amount thereof to be redeemed. Such notice shall further state that on such date there shall become due and payable upon each Bond to be redeemed the Redemption Price thereof, or the Redemption Price of the specified portion of the principal thereof in the case of a registered Bond to be redeemed in part only, together with interest accrued to such date, and that from and after such date interest thereon shall cease to accrue and be payable. Such notice shall be given by publication thereof in an Authorized Newspaper, at least once not less than thirty days nor more than sixty days prior to such redemption date. The Trustee shall also mail a copy of such notice, postage prepaid, not less than twenty-five days before such redemption date, to the registered owner of any Bond all or a portion of which is to be redeemed, at his last address, if any, appearing upon the registry books, but such mailing shall not be a condition precedent to such redemption and failure so to mail any such notice shall not affect the validity of any proceedings for the redemption of Bonds.

Section 304. Payment of Redeemed Bonds. Notice having been given by publication in the manner provided in Section 303, the Bonds or portions thereof called for redemption and specified in said notice shall become due and payable on the redemption date specified in said notice at the Redemption Prices thereof applicable on such date, plus unpaid interest on said Bonds or portions thereof accrued to such date, and, upon pre-

sentation and surrender thereof at the place or places specified in said notice together with, in the case of Bonds registered otherwise than to bearer, a written instrument of transfer duly executed by the registered owner thereof or by his duly authorized representative in writing, and, in the case of coupon Bonds, all appurtenant coupons maturing subsequent to such date, said Bonds or portions thereof shall be paid at the said Redemption Prices, plus unpaid interest on said Bonds or portions thereof accrued to such date not represented by coupons for matured interest installments. All interest represented by coupons which shall have matured at or prior to such redemption date shall continue to be payable to the bearers of such coupons. If there shall be so called for redemption less than all of a registered Bond, the Issuer shall execute and the Trustee shall authenticate and cause to be delivered, upon the surrender of such Bond, without charge to the owner thereof, for the unredeemed balance of the principal amount of the registered Bond so surrendered, at the option of the owner thereof, either coupon Bonds or registered Bonds of like designation, interest rate and maturity in any of the authorized denominations. If, on such redemption date, moneys for the redemption of all the Bonds or portions thereof of any like maturity to be redeemed, together with interest thereon accrued and unpaid to such date, shall be held by or on behalf of the Trustee so as to be available therefor on such date and if notice of redemption thereof shall have been published as aforesaid, then from an

after such redemption date, interest on the Bonds or portions thereof of such maturity so called for redemption shall cease to accrue and become payable, and the coupons for interest appertaining thereto subsequent to such redemption date shall be void and said Bonds and coupons shall no longer be considered as Outstanding hereunder. All moneys held by or on behalf of the Trustee for the redemption of particular Bonds shall be held in trust for the account of the holders of the Bonds so to be redeemed

Section 305. Optional Redemption. Upon receipt from the Company of a notice or request pursuant to Section 8.1 of the Lease Agreement that Bonds be redeemed from payments to be made by the Company and specifying the date of redemption of such Bonds, the Trustee shall proceed to call such Bonds for redemption in the manner provided in this Article III. Redemption pursuant to this Section 305 shall be at the earliest date for which notice of redemption may then be given in accordance with such notice or request of the Company and this Indenture, and shall be effected without any instructions or further act of the Issuer or the Company

ARTICLE IV

CUSTODY AND APPLICATION OF PROCEEDS OF BONDS

Section 401. Deposits in Bond Fund. From the proceeds of the Bonds there shall be deposited in the Bond Fund a sum equal to accrued interest on the Bonds to the date of delivery thereof.

Section 402. Project Fund. There is hereby established with the Trustee a trust fund to be designated "Industrial Development Revenue Bond Providence and Worcester Company Project Fund". The balance of the proceeds of the Bonds remaining after the deposit required by Section 401 has been made shall be deposited in the Project Fund.

Section 403. Application of Project Fund. The Trustee shall apply the amounts in the Project Fund in accordance with the provisions of the Lease Agreement and particularly Section 2.4 thereof. The Trustee shall be entitled to rely on statements, agreements and requisitions filed with it pursuant to said Section 2.4. The Trustee shall keep and maintain adequate records pertaining to the Project Fund and all disbursements therefrom and after completion of the Project shall file an accounting thereof with the Issuer and the Company.

Section 404. Acquisition of Locomotives. 1. The acquisition of the Locomotives and payment of all costs and expenses incident thereto shall be evidenced by the filing with the Issuer and the Trustee of a certificate of an Authorized Company Representative stating the date of acquisition

of any Locomotive or all of the Locomotives and the amount, if any, required in his opinion for the payment of any remaining part of the costs of the acquisition of the Locomotives. Upon the filing of such certificate, the balance in the Project Fund in excess of the amount, if any, stated in such certificate, shall be deposited by the Trustee in the Bond Fund. Thereafter, upon payment of all the costs and expenses incident to the acquisition of the Locomotives any balance in the Project Fund shall be deposited in the Bond Fund. The Trustee shall promptly notify the Company of any amounts deposited in the Bond Fund pursuant to this Section 404.

2. In the event the Company shall be required to or shall elect to cause the Bonds to be redeemed pursuant to Section 8.1 of the Lease Agreement, any balance in the Project Fund shall be deposited in the Bond Fund.

Section 405. Investment of Project Fund. 1. Amounts credited to the Project Fund may, if and to the extent then permitted by law, be invested in obligations of or guaranteed by the United States of America or in negotiable or non-negotiable certificates of deposit issued by any bank, trust company or national banking association (including the Trustee or any Paying Agent) which is a member of the Federal Reserve System, provided that such certificates of deposit be continuously secured by obligations of or guaranteed by the United States of America, having a market value (exclusive of accrued interest) at all times at least equal to the principal amount of such certificates of deposit and lodged with the

Trustee, as custodian. The bank, trust company or national banking association issuing each such certificate of deposit required to be secured as provided above shall furnish the Trustee with an undertaking satisfactory to it that the aggregate market value of all such obligations securing each such certificate of deposit will at all times be an amount at least equal to the principal amount of each such certificate of deposit. The Trustee shall be entitled to rely on each such undertaking. Any investment or deposit herein authorized is subject to the condition that no major portion of the proceeds derived from the sale of the Bonds shall at any time be used, directly or indirectly, to acquire any securities or obligations the acquisition of which would cause any Bond to be an arbitrage bond as defined in subsection (d)(2) of section 103 of the Internal Revenue Code of 1954 and any applicable Regulations issued thereunder. Such investments shall mature in such amounts and not later than such times as may be necessary to provide funds when needed to make payments from such Fund and shall be made by the Trustee as directed in writing by an Authorized Company Representative. Net interest or gain received from such investments shall be credited to and held in and losses shall be charged to such Fund.

2. Prior to each semi-annual rental payment date under the Lease Agreement of the Locomotives, the Trustee shall notify the Company of the amount of such net investment income or gain received and collected subsequent to the last such rental payment and the amount then available in the Project Fund.

ARTICLE V
REVENUES AND FUNDS

Section 501. Creation of Bond Fund. There is hereby created and established with the Trustee a special trust fund to be designated "Industrial Development Revenue Bond Providence and Worcester Company Bond Fund" which shall be used to pay the principal of and interest and redemption premium, if any, on the Bonds.

Section 502. Payments Into Bond Fund. The Trustee shall promptly deposit the following receipts in the Bond Fund:

(a) The sum required by Section 401 to be deposited from the proceeds of the Bonds.

(b) Semi-annual rental payments received by the Trustee pursuant to the Lease Agreement.

(c) Excess amounts in the Project Fund required to be deposited in the Bond Fund pursuant to Sections 403 and 404.

(d) Advance rental payments received by the Trustee pursuant to the Lease Agreement.

(e) Net income or gain received and collected from investments of moneys in the Bond Fund.

(f) All other receipts when and if required by the Lease Agreement or by the Indenture to be paid into the Bond Fund.

Section 503. Application of Bond Fund. 1. There shall be paid from the Bond Fund on each interest payment date for the Bonds the amounts required for the payment of the principal and interest due on the Bonds on such date, excluding the amount of any interest then being paid from the Project Fund in accordance with Section 2.4 of the Lease Agreement.

2. Except as provided in Section 305, amounts deposited in the Bond Fund as advance rentals shall be applied, as promptly as practicable, to the purchase by the Trustee of Bonds at prices not exceeding the principal amount thereof plus accrued interest. Bonds purchased pursuant to this subsection 2 of this Section 503 shall have all unmatured coupons attached if any. Any balance of such amount not so applied to the purchase of Bonds by 45 days prior to the next interest payment date shall be held in the Bond Fund for application in accordance with subsection 1 of this Section 503. The Trustee shall promptly notify the Company of the Bonds so purchased from an advance rental payment and the balance thereof so held in the Bond Fund. Upon the purchase of any Bonds for which Sinking Fund Installments are applicable out of advance rental payments as provided in this subsection 2 of this Section 503 an amount equal to the principal of such Bonds so purchased or redeemed shall be credited against future Sinking Fund Installments for such Bonds as provided in Section 507.

3. In connection with purchases of Bonds with moneys in the Bond Fund as provided in this Section 503, the Trustee shall negotiate or arrange for such purchases in such manner (through brokers or otherwise, and with or without receiving tenders) as it shall in its discretion determine.

Section 504. Investment of Bond Fund. Amounts in the Bond Fund shall be invested in the same manner and subject to the same provisions and requirements as provided in Section 405 with respect to amounts credited to the Project Fund.

Section 505. Insurance, Confiscation or Requisition Proceeds. The Lease Agreement provides for the payment of certain insurance proceeds and confiscation or requisition awards, damages and compensation with respect to the Locomotives into special funds held by the Trustee and for the investment and disbursement thereof. The Trustee shall perform its duties and obligations with respect to such insurance proceeds and awards, damages and compensations as specified in the Lease Agreement, subject always to the terms of the Indenture. Such special funds shall constitute trust funds under the Indenture to be held and applied as herein provided for amounts in the Project Fund or the Bond Fund as the case may be.

Section 506. Repayment to the Company from the Bond Fund. After payment in full of the Bonds, the fees, charges and expenses of the Trustee and the Paying Agents, other amounts required to be paid hereunder and any other amounts required to be paid to Issuer under the Lease

Agreement, all amounts remaining in the Bond Fund shall be paid to the Company after the expiration or sooner termination of the term of the Lease Agreement as provided in Section 3.3(e) of the Lease Agreement.

Section 507. Credit Against Sinking Fund Installment. If the Company elects in accordance with Section 3.3(c) of the Lease Agreement to reduce any rental payment required by Section 3.3(a) of the Lease Agreement, the Issuer shall receive a credit in respect of the Sinking Fund Installment for any Bonds to which Sinking Fund Installments are applicable delivered by the Issuer or the Company to the Trustee on or before the forty-fifth day next preceding any Sinking Fund Installment date for such Bonds or which prior to said date have been purchased or redeemed (otherwise than through the operation of the Sinking Fund Installments) and cancelled by the Trustee and not theretofore applied as a credit against any Sinking Fund Installment. Bonds delivered pursuant to this Section shall have all unmatured coupons attached. Each Bond so delivered shall be credited by the Trustee at 100% of the principal amount thereof against the obligation of the Issuer to pay such Sinking Fund Installment and any excess over such amount shall be credited against future Sinking Fund Installments in accordance with this Section 507 in inverse order of their due dates, and the principal amount of Bonds to be redeemed by operation of the Sinking Fund Installments shall accordingly be reduced.

Section 508. Non-presentment of Bonds or Coupons. In the event any Bond shall not be presented for payment when the principal thereof becomes due, either at maturity, or at the date fixed for redemption thereof, or otherwise, or in the event any coupon shall not be presented for payment at the due date thereof, if funds sufficient to pay any such Bond or coupon shall have been made available to Trustee for the benefit of the holder or holders thereof, all liability of the Issuer to the holder thereof for the payment of such Bond or coupon, as the case may be, shall forthwith cease, determine and be completely discharged, and thereupon it shall be the duty of the Trustee to hold such fund or funds without liability for interest thereon, for the benefit of the holder of such Bond, or the bearer of such coupon or such claimant, as the case may be, who shall thereafter be restricted exclusively to such fund or funds, for any claim of whatever nature on his part under this Indenture or on, or with respect to, said Bond, or coupon or claims. Any moneys deposited with the Trustee not so applied to the payment of Bonds and coupons, if any within five years after the date on which the same shall have become due shall be repaid by the Trustee to the Company, and thereafter the Bondholders shall be entitled to look only to the Company for payment, and then only to the extent of the amount so repaid, and the Company shall not be liable for any interest thereon and shall not be regarded as a trustee of such money; provided, however, that the Trustee, if any Bonds not fully registered as principal are at the time Outstanding, before being required to make any

such repayment may, at the expense of the Company, give notice by publication as specified in the Indenture.

ARTICLE VI
PARTICULAR COVENANTS

Section 601. Issuer's Obligations Not to Create a Pecuniary Liability. Each and every covenant herein made, including all covenants made by the various sections of this Article VI, is predicated upon the condition that any obligation for the payment of money incurred by the Issuer shall not create an indebtedness of the Issuer and that the Bonds and any interest coupons annexed thereto shall not constitute nor give rise to a pecuniary liability of the Issuer or the State of Rhode Island. The Bonds shall be payable solely from the rents, revenues and receipts derived from or in connection with the Locomotives, including all moneys received under the Lease Agreement. Such rents, revenues and receipts are hereby specifically pledged to the payment thereof in the manner and to the extent in this Indenture specified and nothing in the Bonds or coupons or in this Indenture shall be considered as pledging any other funds or assets of the Issuer.

Section 602. Payment of Principal and Interest. Subject to Section 601, the Issuer covenants that it will promptly pay or cause to be paid the principal of and interest on every Bond, at the place, on the dates and in the manner provided in the Indenture, in the Bonds and in the coupons appertain

thereto according to the true intent and meaning thereof. The Issuer shall not be required under the Indenture or the Lease Agreement to expend any of its funds other than (i) the proceeds of the Bonds (ii) the lease rentals, revenues and receipts, rental income and other moneys held or derived from or in connection with the acquisition and leasing of the Locomotives thereof, (iii) any income or gains therefrom, and (iv) the Net Proceeds, as defined in the Lease Agreement of any confiscation or requisition awards or insurance proceeds with respect to the Locomotives.

Section 603. Performance of Covenants; Authority. Subject to Section 601, the Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Indenture, in any and every Bond executed, authenticated and delivered hereunder and in all proceedings pertaining thereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State of Rhode Island, including particularly and without limitation the Act, to issue the Bonds authorized hereby and to execute this Indenture to convey the property described in and conveyed hereby and by the Lease Agreement and to pledge the lease rentals, revenues and receipts hereby pledged in the manner and to the extent herein set forth; that all action on its part for the issuance of the Bonds and the execution and delivery of this Indenture has been duly and effectively taken; and that the Bonds in the

hands of the Holders and owners thereof and the coupons appertaining thereto are and will be valid and enforceable limited obligations of the Issuer according to the import thereof.

Section 604. Books and Records; Certificate as to Defaults. The Issuer covenants and agrees that so long as any of the Bonds remain Outstanding, proper books of record and account will be kept showing complete and correct entries of all transactions relating to the Locomotives and that the Trustee shall have the right at all reasonable times to inspect all records, accounts and data relating thereto. So long as the Lease Agreement is in force and effect, furnishing of records by the Company to, or keeping of records by the Trustee in connection with its duties as such shall constitute compliance with the Issuer's obligations under this Section 604.

Section 605. Lease Agreement. 1. Reference is hereby made to the Lease Agreement for a detailed statement of the terms and conditions thereof and for a statement of the rights and obligations of the parties thereunder. The Issuer agrees that the Trustee, in its own name or in the name of the Issuer may and is hereby granted the right to enforce all rights of the Issuer and all obligations of the Company under and pursuant to the Lease Agreement.

2. If an event of default occurs under the Lease Agreement, then the Issuer may and the Trustee shall use its best efforts to cause the Locomotive to be used by any other lessee that may be determined to serve the general welfare of the State of Rhode Island and to enter into a lease agreement with

such lessee providing that said lessee will pay rentals therefor at least in amounts and at the times specified in the Lease Agreement and that the Issuer and said lessee shall have, observe and perform under such lease agreement substantially the same respective obligations, covenants, conditions and rights as are specified in the Lease Agreement with respect to the Issuer and the Company. If, however, the consent of the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds at the time Outstanding is given and procured as provided in Section 903 for the amendment of the Lease Agreement or subsequent lease of the Locomotives, such subsequent lease may contain rental terms and other provisions substantially different from those contained in the Lease Agreement. Except to the extent of actual payments by any subsequent lessee, nothing in this Section 605 shall permit any reduction in the rental payments required to be made by the Company pursuant to Section 3.3 or any alteration in the terms of payment thereof except as provided in the Lease Agreement. All covenants and agreements on the part of the Issuer and said lessee set forth in said subsequent lease agreement shall be for the benefit of the Holders from time to time of the Bonds and may be enforced in the manner provided by Article VII on behalf of such Holders by the Trustee.

Section 606. Creation of Liens; Indebtedness; Sale of Locomotives.

The Indenture is and will continue to be a first lien upon the Locomotives and the Issuer will not create or suffer to be created any lien or charge upon all or any part of or any of the Locomotives, or any lien or charge upon or pledge of the revenues and rental income from or in connection with the

Locomotives. The Issuer shall not incur any indebtedness or issue any evidences of indebtedness, other than the Bonds herein authorized, secured by a lien on or pledge of such rents, revenues and receipts which is prior to or equal with the lien and pledge securing the Bonds hereunder. The Issuer, further covenants and agrees not to sell, convey, transfer, mortgage or encumber all or any part of or any of the Locomotives except as required by law or specifically permitted under the Indenture or the Lease Agreement, so long as any of the Bonds are Outstanding.

Section 607. Instruments of Further Assurance. The Issuer covenants that it will do, execute, acknowledge and deliver or cause to be done, executed, acknowledged and delivered such Supplemental Indenture and such further acts, instruments and transfers as the Trustee may reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming rents, revenues and receipts pledged to the payment of the principal of and interest and premium, if any, on the Bonds to the Trustee. Any and all property hereafter acquired which is of the kind or nature herein provided to be and become subject to the lien here shall ipso facto, and without any further conveyance, assignment or act on part of the Issuer or the Trustee, become and be subject to the lien of the Indenture as fully and completely as though specifically described herein, but nothing in this sentence contained shall be deemed to modify or change the obligations of the Issuer heretofore made by this Section 607.

Section 608. Recording and Filing. This Indenture and indentures supplemental thereto shall be recorded properly in the office of the Secretary of State of Rhode Island, if required, or such other office as may be at the time provided by law as the place for the recordation thereof and with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Issuer will, within ten days after any such filing, or re-filing, furnish the Trustee with an opinion of such counsel to the adequacy and reciting the details of such filing and specify any re-filing to be effected in the future with respect to the Lease Agreement or the Indenture.

Section 609. Rights Under Lease Agreement. The Issuer agrees that the Trustee, as pledgee and assignee of the rentals and other payments under the Lease Agreement, in its name or in the name of the Issuer, shall have the legal power to exercise all of the rights, powers and privileges of the Issuer under the Lease Agreement, including the right to enforce all of the obligations of the Company thereunder.

Section 610. Records Held by Trustee. The Trustee shall make available to the Company for its inspection during normal business hours, its records with respect to the Locomotives.

Section 611. Tax Covenant. The Issuer hereby particularly covenants and agrees with the holders of the Bonds and coupons that no part of the proceeds of the Bonds or any other funds of the Issuer shall at any time be used directly or indirectly to acquire any securities or obligations the acquisition of which would cause any Bond to be an arbitrag

bond as defined in subsection (d)(2) of section 103 of the Internal Revenue Code of 1954 and any applicable Regulations issued thereunder.

ARTICLE VII
REMEDIES OF BONDHOLDERS

Section 701. Events of Default; Acceleration of Due Date. 1.

Each of the following events is hereby defined as and shall constitute an "event of default" under this Indenture.

(a) Default in the due and punctual payment of the interest on any Bond;

(b) Default in the due and punctual payment of the principal or Redemption Price of any Bond, whether payment is required at maturity or by call for redemption;

(c) Default in the performance or observance of any other of the covenants, agreements or conditions on the part of the Issuer contained and the continuance thereof for a period of 30 days after written notice given to the Issuer and the Company by the Trustee or by the Holders of not less than 25% of the principal amount of Bonds then Outstanding;

(d) The occurrence of an "event of default" under Section 7.1 of the Lease Agreement.

2. Upon the occurrence and continuance of any event of default specified in subsection 1 of this Section 701, unless the principal of all the

Bonds shall have already become due and payable, either the Trustee (by notice in writing to the Issuer and the Company) or the Holders of not less than 25% in principal amount of the Bonds Outstanding (by notice in writing to the Issuer, the Trustee and the Company) may declare the principal of all the Bonds then Outstanding and the interest accrued thereon to be due and payable immediately, and upon any such declaration the same shall become and be immediately due and payable, anything in the Indenture or in any of the Bonds contained to the contrary notwithstanding; provided, however, if such event of default arises on account of default by Company in the observance of the covenant obtained in Section 5.13 of the Lease Agreement, the principal of the Bonds so declared due and payable shall mean 108% of the principal amount thereof as provided in the forms of Bonds set forth herein. The right of the Trustee or the Holders of not less than 25% in principal amount of the Bonds to make any such declaration as aforesaid, however, is subject to the condition that if, at any time after such declaration, all overdue installments of interest upon the Bonds, the principal of all Bonds which shall have matured by their terms, overdue Sinking Fund Installments, if any, and the Redemption Price, if any, then overdue with respect to any Bonds, together with the reasonable and proper charges, expenses and liabilities of the Trustee, shall either be paid by or for the account of the Issuer or provision satisfactory to the Trustee shall be made for such payment then and in every such case any such declaration

and its consequences shall ipso facto be deemed to be annulled, but no such annulment shall extend to or affect any subsequent default or impair or exhaust any right or power consequent thereon.

Section 702. Foreclosure and Enforcement of Remedies. 1.

Upon the happening and continuance of any event of default, then and in every case the Trustee may proceed, and upon the written request of the Holders of not less than 25% in principal amount of the Bonds Outstanding shall proceed, to protect and enforce its rights and the rights of the Bondholders under the Act, the Bonds, the Lease Agreement and under the Indenture forthwith by such suits, actions or special proceedings in equity or at law, or by proceedings in the office of any board or officer having jurisdiction, whether for the specific performance of any covenant or agreement contained in the Indenture or in aid of the execution of any power granted therein or in the Act or for the enforcement of any legal or equitable rights or remedies including the sale of any locomotive or all of the Locomotives, subject to statutory requirements, if any, to the highest bidder, and all right, title and interest, claim and demand therein and thereto, and all right of redemption thereof, as the Trustee, being advised by counsel, shall deem most effectual to protect and enforce such rights or to perform any of its duties under the Indenture.

2. In the enforcement of any right or remedy under the Indenture or the Act, the Trustee shall be entitled, without prejudice to any other right or remedy of the Trustee or of the Bondholders, to sue for, enforce payment on and receive any or all amounts then or during any default

becoming and any time remaining due and unpaid from the Issuer, for principal, Redemption Price, interest, or otherwise under any of the provisions of the Indenture or of the Bonds, with interest on overdue payments until the date of payment to the extent permitted by law, together with any and all costs and expenses of collection and of all proceedings under the Indenture and under the Bonds. The Trustee shall also be entitled to recover and enforce solely as provided in the Indenture and the Bonds, any judgment or decree against the Issuer for any portion of such amounts remaining unpaid, with interest, costs and expenses as aforesaid and to collect, (solely from the moneys in the Bond Fund), the moneys adjudged or decreed to be payable in any manner provided by law. The Trustee shall file proof of claim and other papers or documents as may be necessary or advisable in order to have the claims of such Trustee and the Bondholders allowed in any judicial proceedings relative to the Company and the Issuer and their creditors or property.

Section 703. Priority of Payment After Default. 1. All moneys received by the Trustee pursuant to any right given or action taken under the provisions of this Article VII shall, after payment of the cost and expenses of the proceedings, resulting in the collection of such moneys and of the expenses, liabilities and advances incurred or made by the Trustee, be deposited in the Bond Fund. All moneys so deposited in such Fund and available for payment of the Bonds shall be applied as follows:

(a) Unless the principal of all of the Bonds shall have become or have been declared due and payable,

First - In the order of the maturity of the installments and, to the payment to the persons entitled thereto of all installments of interest then due on the Bonds. If the amount available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or preference; and

Second - To the payment to the persons entitled thereto of the unpaid principal or Redemption Price, if any, of any Bonds which shall have become due whether at maturity or by call for redemption (other than Bonds called for redemption for the payment of which moneys are held pursuant to the provisions of the Indenture), in the order of their due date, with interest on such Bonds, at the rate or rates expressed thereon, from the respective dates upon which they become due and, if the amount available shall not be sufficient to pay in full Bonds due on any particular date, together with such interest, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto without any discrimination or privilege.

(b) If the principal of all of the Bonds shall have become or have been declared due and payable, to the payment of the principal and interest (at the rate or rates expressed thereon) then due and unpaid upon the Bonds without preference of priority of principal over interest or of interest over principal, or of any installment of interest over any other installment of interest, or of any Bond over any other Bond, ratably, according to the amounts due respectively for principal and interest, to the persons entitled thereto without any discrimination or preference.

2. Whenever moneys are to be applied pursuant to the provisions of this Section 703, such moneys shall be applied at such times, and from time to time, as the Trustee shall determine, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Trustee shall apply such funds, it shall fix the date (which shall be an interest payment date unless it shall deem another date more suitable) upon which such application is to be made, and upon such date interest on the amounts of principal to be paid on such dates shall cease to accrue. The Trustee shall give such notice as it may deem appropriate of the deposit with it of any such moneys and of the fixing of any such date, and shall not be required to make payment to the holder of any unpaid coupon or any Bond until such coupon or such Bond and all unmatured coupons, if any, appertaining to such Bond shall be presented to the Trustee for appropriate endorsement or for cancellation if fully paid.

3. Whenever all Bonds and interest thereon have been paid under the provisions of this Section 703 and all expenses and charges of the Trustee and Paying Agents have been paid, any balance remaining in the Bond Fund shall be paid to the Company in accordance with Section 3.3(e) of the Lease Agreement.

Section 704. Actions by Trustee. All rights of action under the Indenture or under any of the Bonds or coupons may be enforced by the Trustee without the possession of any of the Bonds or coupons or the production thereof in any trial or other proceedings relating thereto and any such suit or proceeding instituted by the Trustee shall be brought in its name as Trustee without the necessity of joining as plaintiffs or defendants any Holders of the Bonds, and any recovery of judgment shall, subject to the provisions of Section 703, be for the equal benefit of the Holders of the Outstanding Bonds and coupons.

Section 705. Majority Bondholders Control Proceedings. Anything in the Indenture to the contrary notwithstanding, the Holders of a majority in aggregate principal amount of Bonds then Outstanding shall, at any time and by an instrument or instruments in writing executed and delivered to the Trustee, have the right to direct the method and place of conducting all proceedings to be taken in connection with the enforcement of the terms and conditions of the Indenture or for the appointment of a receiver or any other proceedings hereunder, provided, however, that such direction shall not be otherwise than in accordance with the provisions of law and of the Indenture.

Section 706. Individual Bondholder Action Restricted. Unless the following have occurred, no Holder of any Bond or coupon shall have any right to institute any suit, action or proceeding at law or in equity for the enforcement of any provision, the execution of any trust or for any remedy under the Indenture:

1. Such Holder shall have previously given written notice of the occurrence of an event of default to the Trustee as provided in this Article VII; and
2. The Holders of at least 25% in principal amount of the Bonds then outstanding, having filed a written request with the Trustee, shall have offered it a reasonable opportunity to either exercise the powers granted in the Indenture, by the Act or by the laws of Rhode Island or to institute such action, suit or proceeding in its own name; and
3. Such Holders shall have offered to the Trustee adequate security and indemnity against the costs, expenses and liabilities to be incurred therein or thereby; and
4. The Trustee shall have refused to comply within 60 days after receipt by it of such notice, request and offer of indemnity.

It is understood and intended that no one or more Holders of Bonds or coupons shall have any right in any manner whatever by his or their action to affect, disturb or prejudice the pledge created by the Indenture, or to enforce any right under the Indenture except in the manner therein provided, and that all proceedings at law or in equity to enforce any provision of the Indenture shall be instituted, had and maintained in the manner provided in the Indenture for the equal benefit of all Holders of the Outstanding Bonds and coupons.

2. Nothing in the Indenture or in the Bonds or coupons contained shall affect or impair the right of any Bondholder to enforce the payment of the principal or Redemption Price, if applicable, of and interest on any Bond at and after the maturity thereof or the limited obligation of the Issuer to pay the principal or Redemption Price, if applicable, of and interest on each of the Bonds to the respective Holders thereof at the time, at the place, from the source and in the manner expressed herein and in said Bonds and the appurtenant coupons expressed.

Section 707. Effect of Discontinuance of Proceedings. In case any proceeding taken by the Trustee on account of any event of default shall have been discontinued or abandoned for any reason, or shall have been determined adversely, then and in every such case and without any cost to the Company, the Issuer, the Trustee, and the Bondholders shall

be restored, respectively, to their former positions and rights hereunder. All rights, remedies, powers and duties of the Trustee shall continue as though no such proceedings had been taken.

Section 708. Remedies Not Exclusive. No remedy by the terms of the Indenture conferred upon or reserved to the Trustee or to the Holders of the Bonds is intended to be exclusive of any other remedy, but each and every such remedy shall be cumulative and shall be in addition to any other remedy given under the Indenture or now or hereafter existing at law or in equity or by statute.

Section 709. Delay or Omission. No delay or omission of the Trustee or of any Holder of the Bonds to exercise any right or power arising upon any default shall impair any right or power or shall be construed to be a waiver of any such default or an acquiescence therein and every right, power and remedy given by this Article VII to the Trustee and the Holders of the Bonds, respectively, may be exercised from time to time and as often as may be deemed expedient by the Trustee or by the Bondholders.

Section 710. Notice of Default. The Trustee shall promptly mail to registered Holders of Bonds, and to all Bondholders who shall have filed their names and addresses with the Trustee for such purpose, written notice of the occurrence of any event of default. The Trustee shall not, however, be subject to any liability to any Bondholder by reason of its failure

to mail any notice required by this Section 710.

Section 711. Waivers of Default. The Trustee shall waive any default hereunder and rescind its consequences upon the written request of the Holders of one-half in aggregate principal amount of all the Bonds then Outstanding; provided, however, that without the consent of the Holder thereof, there shall not be waived or rescinded the consequences of (a) any event of default in the payment of the principal of any Outstanding Bonds at the date of maturity specified therein or (b) any default in the payment when due of the interest on any such Bonds, unless, prior to such waiver or rescission, all arrears of interest, with interest (to the extent permitted by law) at the rate borne by the Bonds on overdue installments of interest in respect of which such default shall have occurred, or all arrears of payment of principal when due, as the case may be, and all expenses of the Trustee in connection with such default shall have been paid or provided for and in case of any waiver or rescission, or in case any proceeding taken by the Trustee on account of any such default shall have been discontinued or abandoned or determined adversely, then and in every such case the Issuer, the Trustee and the Bondholders shall be restored to their former positions and rights hereunder, respectively, but no such waiver or rescission shall extend to any subsequent or other default, or impair any right consequent thereon.

ARTICLE VIII
TRUSTEE AND PAYING AGENTS

Section 801. Appointment and Acceptance of Duties. 1. Rhode Island Hospital Trust National Bank is hereby appointed as Trustee. The Trustee shall signify its acceptance of the duties and obligations of the Trustee by executing this Indenture. All provisions of this Article VIII shall be construed as extending to and including all the rights, duties and obligations imposed upon the Trustee under the Lease Agreement as fully for all intents and purposes as if this Article VIII were contained in the Lease Agreement.

2. Rhode Island Hospital Trust National Bank is hereby appointed as Paying Agent for the Bonds. The Issuer may also from from to time appoint one or more other Paying Agents in the manner and subject to the conditions set forth in Section 809 for the appointment of a successor Paying Agent. Each Paying Agent shall signify its acceptance of the duties and obligations imposed upon it by the Indenture by executing and delivering to the Issuer and to the Trustee a written acceptance thereof. The principal office of the Paying Agent is designated as the office or agency of the Issuer for the payment of the principal or Redemption Price of and the interest on the Bonds.

3. All sums held by Paying Agent pursuant to the Indenture shall be held for payment of the principal or Redemption Price, if applicable, of and interest on the Bonds in trust for the benefit of the Holders of the Bonds and of the coupons until such sums shall be paid to such Holders or otherwise disposed of as herein provided.

Section 802. Indemnity. The Trustee shall be under no obligation to institute any suit, or to take any remedial proceeding under the Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers under the Indenture until it shall be indemnified to its satisfaction against any and all reasonable costs and expenses, outlays, counsel fees and other disbursements, and against all liability not due to its misconduct, negligence or bad faith.

Section 803. Responsibilities of Trustee. 1. The Trustee shall have no responsibility in respect of the validity or sufficiency of the Indenture or the security provided thereunder or the due execution thereof by the Issuer, or in respect of the title or the value of the Locomotives or in respect of the validity of any Bonds authenticated and delivered by the Trustee in accordance with the Indenture or of the coupons appertaining thereto or to see to the recording or filing of the Indenture or any financing

statement but not continuation statement or any other document or instrument whatsoever. The recitals, statements and representations contained in the Indenture and in the Bonds shall be taken and be construed as made by and on the part of the Issuer and not by the Trustee, and it does not assume any responsibility for the correctness of the same; provided, however, that the Trustee shall be responsible for its representation contained in its certificate on the Bonds.

2. The Trustee shall not be liable or responsible because of the failure of the Issuer to perform any act required of it by the Indenture or because of the loss of any moneys arising through the insolvency or the act or default or omission of any depository other than itself in which such moneys shall have been deposited under the Indenture. The Trustee shall not be responsible for the application of any of the proceeds of the Bonds or any other moneys deposited with it and paid out, invested, withdrawn or transferred in accordance with the Indenture or for any loss resulting from any such investment. The Trustee shall not be liable in connection with the performance of its duties under the Indenture except for its own misconduct, negligence or bad faith. The immunities and exemptions from liability of the Trustee shall extend to its directors, officers, employees and agents.

3. The Trustee, prior to the occurrence of an event of default (as defined in Section 701) and after curing of all events of default which may

have occurred, undertakes to perform such duties and only such duties as are specifically set forth in the Indenture. 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 the Indenture, and use the same degree of care and skill in their exercise as a prudent man would exercise under the circumstances in the conduct of his own affairs.

4. The Trustee shall not be liable or responsible for the failure of the Company to effect or maintain insurance on the Locomotives as provided in the Lease Agreement nor shall it be responsible for any loss by reason of want or insufficiency in insurance or by reason of the failure of any insurer in which the insurance is carried to pay the full amount of any loss against which it may have insured the Issuer, the Company, the Trustee or any other person.

Section 804. Compensation. The Trustee and Paying Agent shall be entitled to receive and collect from the Company as provided in the Lease Agreement (and from any subsequent lessee of the Locomotives as shall be provided in the subsequent lease thereof) payment or reimbursement for reasonable fees for services rendered hereunder and all advances, counsel fees and other expenses reasonably and necessarily made or incurred by the Trustee or Paying Agent in connection therewith and the Trustee and Paying Agent shall have a first lien therefor on any and all funds at any time held by it under this Resolution. The Issuer further agrees to indemnify and save the Trustee and Paying Agent harmless against any liabilities which it may incur in the exercise and performance of its powers and duties hereunder, and which are not due to its misconduct, negligence or bad faith.

Section 805. Evidence on Which Trustee May Act. 1. In the event it shall be necessary or desirable for the Trustee to make any investigation respecting any fact preparatory to taking or not taking any action, or doing or not doing anything, as such Trustee, and in any case in which the Indenture provides for permitting or taking any action, it may rely upon any certificate required or permitted to be filed with it under the provisions of the Indenture or the Lease Agreement, and any such certificate shall be evidence of such fact to protect it in any action that it may or may not take, or in respect of anything it may or may not do, in good faith, by reason of the supposed existence of such fact.

2. The Trustee shall be protected and shall incur no liability in acting or proceeding, or in not acting or not proceeding, in good faith, reasonably and in accordance with the terms of the Indenture including Section 405, upon any resolution, order, notice, request, consent, waiver, certificate, statement, affidavit, requisition, bond or other paper or document which it shall in good faith reasonably believe to be genuine and to have been adopted or signed by the proper board or person, or to have been prepared and furnished pursuant to any of the provisions of the Indenture, or upon the written opinion of any attorney (who may be an attorney for the Issuer or the Company), engineer, appraiser, or accountant believed by the Trustee to be qualified in relation to the subject matter.

Section 806. Trustee and Paying Agent May Deal in Bonds. Any

national banking association, bank or trust company acting as a Trustee or Paying Agent, and its directors, officers, employees or agents, may in good faith buy, sell, own, hold and deal in any of the Bonds or coupons and may join in any action which any Bondholder may be entitled to take with like effect as if such association, bank or trust company were not such Trustee or Paying Agent.

Section 807. Resignation or Removal of Trustee. 1. The Trustee may resign and thereby become discharged from the trusts created under the Indenture by notice in writing to be given to the Issuer and the Company and by the notice published once in an Authorized Newspaper not less than 60 days before such resignation is to take effect. Such resignation shall take effect immediately upon the appointment of a successor Trustee, pursuant to Section 808, if such successor Trustee shall be appointed and shall accept such trusts before the time specified by such notice.

2. The Trustee may be removed at any time by an instrument or concurrent instruments in writing, filed with the Trustee and signed by the Holders of not less than a majority in principal amount of the Bonds then Outstanding or by their attorneys duly authorized in writing. The Trustee shall promptly give notice of such filing to the Issuer.

Section 808. Successor Trustee. 1. If at any time the Trustee shall resign, be removed, be dissolved or otherwise become incapable of

acting or be adjudged a bankrupt or insolvent, or if a receiver, liquidator or conservator of the Trustee or of its property, shall be appointed, or if any public officer shall take charge or control of the Trustee or of its property or affairs, the position of Trustee shall thereupon become vacant. If the position of Trustee shall become vacant for any of the foregoing reasons or for any other reason, the Issuer shall appoint a successor Trustee to fill such vacancy. Within 20 days after such appointment, the Issuer shall cause notice of such appointment to be published in an Authorized Newspaper.

2. At any time within one year after any such vacancy shall have occurred, the Holders of a majority in principal amount of the Bonds then Outstanding, by an instrument or concurrent instruments in writing, signed by such Bondholders or their attorneys duly authorized in writing and filed with the Issuer, may appoint a successor Trustee which shall, immediately and without further act, supersede any Trustee theretofore appointed. If no appointment of a successor Trustee shall be made pursuant to the foregoing provisions of this Section 808, the Holder of any Bond then Outstanding or any retiring Trustee may apply to any court of competent jurisdiction to appoint a successor Trustee. Such court may thereupon, after such notice if any, as such court may deem proper and prescribe, appoint a successor Trustee.

3. Any Trustee appointed under this Section 808 shall be a national

banking association or a bank or trust company duly organized under the laws of any State of the United States authorized to exercise corporate trust powers. At the time of its appointment, any successor Trustee shall have a capital stock and surplus aggregating not less than \$5,000,000

4. Every successor Trustee shall execute, acknowledge and deliver to its predecessor, and also to the Issuer, an instrument in writing accepting such appointment. Thereupon such successor Trustee, without any further act, deed, or conveyance, shall become fully vested with all moneys, estates, properties, rights, immunities, powers and trusts, and subject to all the duties and obligations of its predecessor, with like effect as if originally named as such Trustee, but such predecessor shall, nevertheless, on the written request of its successor or of the Issuer, and upon payment of the compensation, expenses, charges and other disbursements of such predecessor which are due and payable pursuant to Section 804, execute and deliver an instrument transferring to such successor Trustee all the estate, properties, rights, immunities, powers and trusts of such predecessor. Every predecessor Trustee shall deliver all property and moneys held by it under the Indenture to its successor. Should any instrument in writing from the Issuer be required by any successor Trustee for more fully and certainly vesting in such Trustee the estate, properties, rights, immunities, power and trusts vested or intended to be vested in

the predecessor Trustee, any such instrument in writing shall, on request, be executed, acknowledged and delivered by the Issuer. Any successor Trustee shall promptly notify the Paying Agent of its appointment as Trustee.

5. Any company into which the Trustee may be merged or converted or with which it may be consolidated or any company resulting from any merger, conversion or consolidation to which it shall be a party or any company to which the Trustee may sell or transfer all or substantially all of its corporate trust business shall be the successor to such Trustee without the execution or filing of any paper or the performance of any further act, provided such company shall be a national banking association or a bank or trust company duly organized under the laws of any State of the United States shall have a capital stock and surplus aggregating not less than \$5,000,000 and shall be authorized by law to perform all the duties imposed upon it by the Indenture.

Section 809. Resignation or Removal of Paying Agent; Successors.

The Paying Agent may at any time resign and be discharged of the duties and obligations created by the Indenture by giving at least 60 days' written notice to the Issuer and the Trustee. The Paying Agent may be removed at any time by an instrument filed with the Paying Agent and the Trustee and signed by the Issuer. Any successor Paying Agent shall be appointed by the

Issuer, with the approval of the Trustee, and shall be a bank or trust company duly organized under the laws of any State of the United States or a national banking association, having a capital stock and surplus aggregating not less than \$5,000,000, and willing and able to accept the office on reasonable and customary terms and authorized by law to perform all the duties imposed upon it by the Indenture.

In the event of the resignation or removal of the Paying Agent, the Paying Agent shall pay over, assign and deliver any moneys held by it as Paying Agent to its successors, or, if there be no successor, to the Trustee. In the event that for any reason there shall be a vacancy in the office of the Paying Agent, the Trustee shall act as the Paying Agent.

ARTICLE IX
AMENDMENTS OF INDENTURE AND LEASE AGREEMENT

Section 901. Limitation or Modifications. The Indenture shall not be modified or amended in any respect, except as provided in and in accordance with and subject to the provisions of this Article IX and in no event shall it be modified or amended without the prior written consent of the Company.

Section 902. Supplemental Indentures Without Bondholders' Consent. 1. The Issuer may, from time to time and at any time, enter into Supplemental Indentures without consent of the Bondholders as follows

(a) To cure any ambiguity, supply any omission, or cure or correct any defect or inconsistent provision in the Indenture; or

(b) To grant or confer upon the Trustee for the benefit of the Bondholders any additional rights, remedies, powers, authority or security which may lawfully be granted or conferred and which are not contrary to or inconsistent with the Indenture as heretofore in effect; or

(c) To add to the covenants and agreements of the Issuer in the Indenture, other covenants and agreements to be observed by the Issuer which are not contrary to or inconsistent with the

Indenture as theretofore in effect; or

(d) To add to the limitations and restrictions in the Indenture other limitations and restrictions to be observed by the Issuer which are not contrary to or inconsistent with the Indenture as theretofore in effect; or

(e) To surrender any right, power or privilege reserved to or conferred upon the Issuer by the Indenture; or

(f) To confirm, as further assurance, any pledge under, and the subjection to any lien or pledge created by, the Indenture, of the Locomotives or rents, revenues or receipts from or in connection with the Locomotives or of any other moneys, securities or funds, or to subject to the lien or pledge of the Indenture additional revenues, properties or collateral.

2. Before the Issuer shall enter into any Supplemental Indenture pursuant to this Section 902, there shall have been filed with the Trustee a opinion of counsel satisfactory to the Trustee stating that such Supplemental Indenture is authorized or permitted by the Indenture, complies with its terms and that upon approval it will be valid and binding upon the Issuer in accordance with its terms.

Section 903. Supplemental Indentures With Bondholders' Consent.

1. Subject to the terms and provisions contained in this Article IX and no otherwise, the Holders of not less than 66 2/3% in aggregate principal amount of the Bonds then Outstanding shall have the right from time to time

to consent to and approve the execution by the Issuer of any Supplemental Indenture as shall be deemed necessary or desirable by the Issuer for the purpose of modifying, altering, amending, adding to or rescinding, in any particular, any of the terms or provisions contained in the Indenture provided, however, that nothing herein contained shall permit, or be construed as permitting, (i) a change in the terms of redemption or maturity of the principal of or the interest on any Outstanding Bond, or a reduction in the principal amount or Redemption Price of any Outstanding Bond or the rate of interest thereon, without the consent of the Holder of such Bond or (ii) the creation of a lien upon or pledge of revenues or rental income for or in connection with the Locomotives ranking prior to or on a parity with the lien or pledge created by the Indenture, or (iii) a preference or priority of any Bond or Bonds over any other Bond or Bonds, or (iv) a reduction in the aggregate principal amount of the Bonds required for consent to such Supplemental Indenture, or (v) a reduction in the amount of any Sinking Fund Installment or an extension of the time of payment thereof.

2. If at any time the Issuer shall determine to enter into any Supplemental Indenture for any of the purposes of this Section 903, it shall cause notice of the proposed Supplemental Indenture to be published at least once a week for two successive weeks in an Authorized Newspaper, and shall also cause a similar notice to be mailed, postage prepaid, to all registered Bondholders and all Bondholders who shall have filed their names and addresses with the Issuer for such purpose. Such notice shall briefly

set forth the nature of the proposed Supplemental Indenture and shall state that a copy thereof is on file at the offices of the Trustee for inspection by all Bondholders.

3. Within one year after the date of the first publication of such notice, the Issuer may enter into such Supplemental Indenture in substantially the form described in such notice only if there shall have first been filed with the Issuer (a) the written consents of Holders of not less than $66 \frac{2}{3}\%$ in aggregate principal amount of the Bond then Outstanding and (b) the opinion of counsel satisfactory to the Trustee stating that such Supplemental Indenture is authorized or permitted by the Indenture and complies with its terms and that upon execution it will be valid and binding upon the Issuer in accordance with its terms. Each such consent shall be effective only if accompanied by proof of the holding, at the date of such consent, of the Bonds with respect to which such consent is given. A certificate or certificates by the Trustee that it has examined such proof and that such proof is sufficient in accordance with the Indenture shall be conclusive that the consents have been given by the Holders of the Bonds described in such certificate or certificates. Any such consent shall be binding upon the Holder of the Bonds giving such consent and upon any subsequent Holder of such Bonds and of any Bonds issued in exchange therefor (whether or not such subsequent Holder thereof has notice thereof unless such consent is revoked in writing by the Holder of such Bonds givi

such consent or by a subsequent Holder thereof by filing such revocation with the Trustee prior to the adoption of such Supplemental Indenture.

4. If the Holders of not less than the percentage of Bond required by this Section 903 shall have consented to and approved the execution thereof as herein provided, no Holder of any Bond shall have any right to object to the enactment of such Supplemental Indenture, or to object to any of the terms and provisions contained therein or the operation thereof, or in any manner to question the propriety of the execution thereof, or to enjoin or restrain the Issuer from executing the same or from taking any action pursuant to the provisions thereof.

5. Upon the execution of any Supplemental Indenture pursuant to the provisions of this Section 903, the Indenture shall be and be deemed to be modified and amended in accordance therewith, and the respective rights, duties and obligations under the Indenture of the Issuer, the Trustee and all Holders of Bonds then Outstanding shall thereafter be determined, exercised and enforced under the Indenture, subject in all respects to such modification and amendments.

Section 904. Supplemental Indenture Part of the Indenture. Any Supplemental Indenture authorized and entered into in accordance with the provisions of this Article IX shall thereafter form a part of the Indenture; and all the terms and conditions contained in any such Supplemental Indenture as to any provisions authorized to be contained therein shall be deemed to be part of the terms and conditions of the Indenture for any and all purposes.

Section 905. Amendments of the Lease Agreement Not Requiring Consent. The Issuer and the Trustee may, without the consent of or notice to the Bondholders, consent to any amendment, change or modification of the Lease Agreement or any subsequent lease of the Locomotives as may be required (i) for the purpose of curing any ambiguity or formal defect or omission, (ii) in connection with any other change therein which in the judgment of the Trustee does not materially prejudice the rights of the Trustee or the Holders of the Bonds. Nothing in this Indenture shall require the consent of the Trustee or any Bondholder for any amendment, change or modification of the Lease Agreement or for the termination of the Lease Agreement in accordance with its terms. The Trustee shall have no liability to any Bondholder or any other person for any action taken by it in good faith pursuant to this Section 905.

Section 906. Amendments of the Lease Agreement Requiring Consent of Bondholders. Except as provided in Section 905 hereof, the Issuer and the Trustee shall not consent to any amendment, change or modification of the Agreement, without publication of notice and the written approval or consent of the Holders of not less than $66 \frac{2}{3}\%$ in aggregate principal amount of the Bonds at the time Outstanding given and procured as in Section 903 provided. If at any time the Issuer and the Company under the Lease Agreement or the Company under a subsequent lease of the Locomotives shall request the consent of the Trustee to any such proposed amendment, change or modification, the Trustee shall cause notice of such

proposed amendment, change or modification to be published in the same manner as provided by Section 903 with respect to Supplemental Indentures. Such notice shall briefly set forth the nature of such proposed amendment, change or modification and shall state that copies of the instrument embodying the same are on file at the principal office of the Trustee for inspection by all Bondholders.

ARTICLE X
DEFEASANCE

Section 1001. Discharge of Lien. If the Issuer shall pay or cause to be paid, or there shall otherwise be paid, to the Holders of all Outstanding Bonds and coupons the principal or Redemption Price, if applicable, and interest due or to become due thereon at the times and in the manner stipulated therein and in the Indenture, then the pledge of any lease rentals, revenues or receipts from or in connection with the Locomotives under the Indenture and the rights hereby granted and all covenants, agreements and other obligations of the Issuer hereunder to the Bondholders, shall thereupon cease, terminate and become void and be discharged and satisfied. In such event, the Trustee shall cancel and discharge the lien of this Indenture and execute and deliver to the Issuer all such instruments as may be appropriate to evidence such discharge and satisfaction of the lien hereof, and the Trustee and the Paying Agent shall pay over or deliver to the Company all moneys and securities held by them pursuant to this Indenture which are not required for the payment of principal or Redemption Price, if applicable, of and interest on Bonds or coupons not theretofore surrendered for such payment or redemption.

If there shall have been deposited with or shall be held by the

Trustee or Paying Agent either moneys in an amount which shall be sufficient, or direct obligations of the United States of America the principal of and interest on which when due will provide amounts which (together with such moneys, if any) will be sufficient, to pay when due the principal or Redemption Price, if applicable, of and interest due or to become due on all Outstanding Bonds and coupons, then such Bonds and coupons shall be deemed to have been paid within the meaning and with the effect expressed in subsection 1 of this Section 1001; provided, however, that if any such Bonds are to be redeemed prior to the maturity thereof, the Issuer shall have taken all action necessary to redeem such Bonds and notice of such redemption shall have been duly given or provision satisfactory to the Trustee shall have been made for the giving of such notice; and provided, further, that, if the maturity or redemption date of any such Bond shall not then have arrived, provision shall have been made by the Issuer satisfactory to the Trustee, for the publication, at least twice, at an interval of not less than seven days between publications, in an Authorized Newspaper, of a notice to the Holders of such Bonds and coupons that the deposit hereinabove provided for has been made with the Trustee and that such Bonds and coupons are deemed to have been paid in accordance with this Section 1001 and stating the maturity or redemption date or dates upon which moneys are to be available for the payment of the

principal or Redemption Price, if applicable, of such Bonds. Any moneys held by the Trustee pursuant to this Section 1001 may be invested in direct obligations of the United States of America maturing in such amounts and not later than such times as may be necessary to provide funds when needed to make payments hereunder.

ARTICLE XI
PRIORITY OF LEASE

Section 1101. Subordination to Rights of the Company. The Indenture and the rights, privileges and remedies hereunder of the Trustee and the Bondholders and the exercise thereof are specifically made subject and subordinate to the rights and privileges of the Company (or subsequent lessee of the Locomotives) set forth in the Lease Agreement (or subsequent lease of the Locomotives), and may be exercised only subject and subordinate to, the rights of the Company (or subsequent lessee of the Locomotives) under the Lease Agreement (or subsequent lease of the Locomotives).

ARTICLE XII
MISCELLANEOUS

Section 1201. Evidence of Signatures of Bondholders and Ownershi
of Bonds. 1. Any request, consent, revocation of consent or other instru-
ment which the Indenture may require or permit to be signed and executed
by the Bondholders may be in one or more instruments of similar tenor, and
shall be signed or executed by such Bondholders in person or by their attor-
neys appointed in writing. Proof of (i) the execution of any such instrumen-
t or of an instrument appointing any such attorney, or (ii) the holding by any
person of the Bonds or coupons appertaining thereto, shall be sufficient for
any purpose of the Indenture (except as otherwise therein expressly provided
if made in the following manner, or in any other manner satisfactory to the
Trustee, which may nevertheless in its discretion require further or other
proof in cases where it deems the same desirable:

(1) The fact and date of the execution by any Bondholder or
his attorney of such instruments may be proved by a guarantee of
the signature thereon by a bank or trust company or by the certifi-
cate of any notary public or other officer authorized to take acknow-
ledgments of deeds, that the person signing such request or other
instrument acknowledged to him the execution thereof by an affidavit

of a witness of such execution, duly sworn to before such notary public or other officer. Where such execution is by an officer of a corporation or association or a member of a partnership, on behalf of such corporation, association or partnership, such signature guarantee, certificate or affidavit shall also constitute sufficient proof of his authority.

(2) The amount of Bonds transferable by delivery held by any person executing any instrument as a Bondholder, the date of his holding such Bonds, and the numbers and other identification thereof, may be proved by a certificate, which need not be acknowledged or verified, executed by the Trustee or by a member of a financial firm or by an officer of a bank, trust company, insurance company, or financial corporation or other depository wherever situated, in a form satisfactory to the Trustee, showing at the date herein mentioned that such person exhibited to such member or officer or had on deposit with such depository the Bonds described in such certificate. Such certificate may be given by a member of a financial firm or by an officer of any bank, trust company, insurance company or financial corporation or depository with respect to Bonds owned by it, if acceptable to the Trustee. In addition to the foregoing provisions, the Trustee may from time to time make

such reasonable regulations as it may deem advisable permitting other proof of holding of Bonds transferable by delivery.

2. The ownership of registered Bonds and the amount, numbers and other identification and date of holding the same shall be proved by the registry books.

3. Except as otherwise provided in Section 903 with respect to revocation of a consent, any request or consent by the owner of any Bond shall bind all future owners of such Bond in respect of anything done or suffered to be done by the Issuer or the Trustee or any Paying Agent in accordance therewith.

Section 1202. Moneys Held for Particular Bonds and Coupons. The amounts held by the Trustee or Paying Agent for the payment of the interest principal or Redemption Price due on any date with respect to particular Bonds or coupons shall, on and after such date and pending such payment, be set aside on its books and held in trust by it for the Holders of the Bond and coupons entitled thereto.

Section 1203. Cancellation of Bonds and Coupons. All Bonds, and coupons paid, redeemed or purchased and all Bonds and appurtenant coupons surrendered by the Company for cancellation shall, if surrendered to any Paying Agent, be cancelled by it and delivered to the Trustee, or if surrendered to the Trustee, be cancelled immediately by it. No such Bonds

or coupons shall be deemed Outstanding under the Indenture and no Bonds or coupons shall be issued in lieu thereof. All such Bonds and coupons so cancelled may be destroyed by the Trustee in such manner as it shall determine. An appropriate certificate with respect to such destruction shall be issued to the Company by the Trustee and an executed counterpart of each such certificate shall be filed with the Issuer.

Section 1204. Suspension of Newspaper Publication. If, because of the temporary or permanent suspension of the publication or general circulation of any Authorized Newspaper or for any other reason, it is impossible or impractical to publish any notice pursuant to the Indenture in the manner herein provided, then such publication in lieu thereof as shall be made with the approval of the Trustee shall constitute a sufficient publication of such notice.

Section 1205. Notice. Any notice, demand, direction, request or other instrument authorized or required by the Indenture to be given to or filed with the persons named below shall be deemed to have been sufficient given or filed for all purposes of the Indenture if and when sent by registered mail return receipt requested:

- (i) To the Issuer at the Rhode Island Industrial Facilities Corporation, Attn.: Chairman, Roger Williams Building, Hayes Street, Providence, Rhode Island 02908 or at such other address as may be

designated in writing by the Issuer to the Trustee;

(ii) To the Trustee at its then principal corporate trust office;

(iii) To the Paying Agent at its then principal corporate trust office;

(iv) To the Company at Providence and Worcester Company East Providence, Rhode Island, Attn. President, or at such other address as may be designated in writing by the Company to the Trustee

Section 1206. Parties Interested Herein. Nothing in the Indenture expressed or implied is intended or shall be construed to confer upon, or to give to, any person or corporation, other than the Issuer, the Company, the Trustee, the Paying Agent, and the Holders of the Bonds and any coupons thereunto appertaining, any right, remedy or claim under or by reason of the Indenture or any covenant, condition or stipulation thereof, and all the covenants, stipulations, promises and agreements, in the Indenture contained by and on behalf of the Issuer or the Trustee shall be for the sole and exclusive benefit of the Issuer, the Company, the Trustee, the Paying Agent, and the Holders of the Bonds and any coupons thereunto appertaining.

Section 1207. Partial Invalidity. In case any one or more of the provisions of the Indenture or of the Bonds or coupons shall for any reason

be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of the Indenture or of the Bonds or coupons, but the Indenture and the Bonds and coupons shall be construed and enforced as if such illegal or invalid provision or provisions had not been contained therein. In case any covenant, stipulation, obligation or agreement of the Issuer contained in the Bonds or in the Indenture shall for any reason be held to be in violation of the law, then such covenant, stipulation, obligation or agreement shall be deemed to be the covenant, stipulation, obligation or agreement of the Issuer to the full extent permitted by law.

Section 1208. Counterparts. This Indenture may be simultaneously executed in several counterparts, each of which shall be an original and all of which shall constitute but one and the same instrument.

Section 1209. Laws Governing Indenture. The effect and meaning of the Indenture and the rights of all parties hereunder shall be governed by, and construed according to, the laws of the State of Rhode Island.

Section 1210. No Recourse on Bonds. No recourse shall be had for the payment of the principal of or the interest on the Bonds or for any claim based thereon or on the Indenture against any member or officer of the Issuer or any person executing the Bonds. The Bonds are not and shall not be in any way a debt or liability of the State of Rhode Island or the Issuer, or of any county or municipality, and do not and shall not create or

constitute any indebtedness, liability or obligation of said State or the Issuer or of any county or municipality, either legal, moral or otherwise.

All covenants, stipulations, promises, agreements and obligations of the Issuer contained herein shall be deemed to be covenants, stipulation promises, agreements and obligations of the Issuer and not of any member officer or employee of the Issuer in his individual capacity, and no recourse shall be had for the payment of the principal or Redemption Price of or interest on the Bonds or for any claim based thereon or hereunder against a member, officer or employee of the Issuer or any natural person executing the Bonds.

IN WITNESS WHEREOF, the Issuer and the Trustee have caused this Indenture to be signed and sealed in their behalf by their duly authorized representatives as of the date first above written.

RHODE ISLAND INDUSTRIAL FACILITIES CORPORATION

[Seal]

ATTEST:

V. James Santaniello
Secretary

By Adolph T. Schum
Chairman

RHODE ISLAND HOSPITAL TRUST NATIONAL BANK,

as Trustee

[Seal]

ATTEST:

W. J. Furman
Asst. Secy.

By [Signature]
Authorized Officer

STATE OF RHODE ISLAND)
) SS. :
 COUNTY OF PROVIDENCE)

On this *29th* day of *January*, 1974, before me, a notary public in and for said state and county, personally appeared *J. L. Daniels* and *R. V. Newman*, both to me personally known, who being by me duly sworn did say that they are the *Vice President* and *Asst Vice* respectively, of Rhode Island Hospital Trust National Bank; that the seal affixed to the foregoing instrument is the seal of the said bank and that said instrument was signed and sealed on behalf of the said bank by authority of its board of directors, and the said *J. L. Daniels* and *R. V. Newman* acknowledged the execution of said instrument to be the voluntary act and deed of said bank by it voluntarily executed.

Stanley A. Bleeker

 Notary Public
 My Commission Expires
 June 30, 1976

