CANADIAN PACIFIC LIMITED
910 Peel Street
Montreal
Quebec H3C 3E4, CANADA

RECORDATION NO. 20423 Filed & Recorded
JAN 18 1977 - 2 12 PM
INTERSTATE COMMERCE COMMISSION

January 14, 1977

7-018A036
50'

Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Sir:

Herewith for recording pursuant to Section 20c of the Interstate Commerce Act are executed counterparts of an Equipment Trust Agreement dated as of January 1, 1977, between Bank of Montreal Trust Company, as trustee and lessor and Canadian Pacific Limited, as lessee and guarantor.

The addresses of the parties to the above-mentioned document are as follows:

Bank of Montreal Trust Company
Two Wall Street
New York, New York

Canadian Pacific Limited
910 Peel Street
Montreal
Quebec H3C 3E4, CANADA.

The Railroad Equipment covered by this document consists of the following:

Description of Equipment	Quantity	Company Road Numbers (inclusive)
50'6" 70-ton box cars	135	CPI85500-CPI85634
3,800 cubic foot 100-ton steel covered hopper cars	150	CPI383850-CPI383999
81'4" 100-ton container flat cars	200	CP521050-CP521249
54'4" 100-ton piggyback flat cars	300	CP504350-CP504649
40 cubic yard 70-ton air dump cars	54	CP455300-CP455353
SD-40-2 3,000 H.P. locomotives	20	5758-5777
30,000 U.S. gallon 100-ton jumbo tank cars	20	CP400000-CP400019
89'4" 54-ton tri-level flat cars with auto racks	207	CP550418-CP550617 CP550900-CP550906

In addition to the above-mentioned road numbers, the Equipment bears, or will bear within a reasonable period of time from the date hereof, the legend "Bank of Montreal Trust Company, New York City, New York, Trustee, Owner, Lessor".

A check in the amount of $50 for the required recordation fee is enclosed.

Please accept for recordation two counterparts of this document, stamp the remaining counterparts with the appropriate recordation number, and return them to the delivering messenger, together with your fee receipt and your letter confirming receipt addressed to Canadian Pacific Limited, 910 Peel Street, Montreal, Quebec H3C 3E4, CANADA, attention of the undersigned.

Very truly yours,

Vice-President, Finance and Accounting

Interstate Commerce Commission
Washington, D.C. 20423

1/18/77

OFFICE OF THE SECRETARY

Canadian Pacific Limited
910 Peel Street
Montreal, Quebec H3C 3E4,Canada

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 1/18/77 at 12:10pm, and assigned recordation number(s) 8663

Sincerely yours,

Robert L. Oswald
Secretary

Enclosure(s)

SE-30
(5/76)

RECORDATION NO. ..... Filed & Recorded
JAN 18 1977 - 12 12 PM
INTERSTATE COMMERCE COMMISSION

CANADIAN PACIFIC LIMITED EQUIPMENT TRUST

Series W

Equipment Trust Agreement

Dated as of January 1, 1977

BETWEEN

BANK OF MONTREAL TRUST COMPANY,
Trustee

AND

CANADIAN PACIFIC LIMITED

Filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on January 18, 1977, at a.m., recordation number . Deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act on January 18, 1977, at a.m.

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EQUIPMENT TRUST AGREEMENT, dated as of January 1, 1977, between BANK OF MONTREAL TRUST COMPANY, a New York corporation, as Trustee (hereinafter called the Trustee) and CANADIAN PACIFIC LIMITED, a corporation duly organized and existing under the laws of Canada (hereinafter called the Company).

WHEREAS, the Company has agreed to cause to be sold, transferred and delivered to the Trustee the railroad equipment described herein; and

WHEREAS, title to such railroad equipment is to be vested in and is to be retained by the Trustee, and such railroad equipment is to be leased to the Company hereunder until title is transferred to the Company under the provisions hereof; and

WHEREAS, Canadian Pacific Limited Equipment Trust Certificates, Series W (hereinafter called Trust Certificates), are to be issued and sold in an aggregate principal amount not exceeding $35,000,000 (U.S.), and the net proceeds are to constitute a fund equal to the aggregate principal amount of Trust Certificates so issued and sold to be known as CANADIAN PACIFIC LIMITED EQUIPMENT TRUST, SERIES W, to be applied by the Trustee in part payment of the purchase price of the Trust Equipment, the remainder of the purchase price thereof to be paid out of advance rentals to be paid by the Company as provided herein; and

WHEREAS, the texts of the Trust Certificates and the guaranty to be endorsed thereon by the Company are to be substantially in the following forms, respectively:

[FORM OF TRUST CERTIFICATE]

THIS CERTIFICATE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AND MAY NOT BE SOLD UNLESS AN EXEMPTION FROM REGISTRATION IS AVAILABLE.

$ No.

CANADIAN PACIFIC LIMITED EQUIPMENT TRUST, SERIES W

EQUIPMENT TRUST CERTIFICATE

Total Authorized Issue $35,000,000 (U.S.)

BANK OF MONTREAL TRUST COMPANY, Trustee

BANK OF MONTREAL TRUST COMPANY, as Trustee under an Equipment Trust Agreement dated as of January 1, 1977, between BANK OF MONTREAL TRUST COMPANY, Trustee (hereinafter called the Trustee), and CANADIAN PACIFIC LIMITED (hereinafter called the Company), hereby certifies that

,

or registered assigns, is entitled to an interest in the principal amount of $ in CANADIAN PACIFIC LIMITED EQUIPMENT TRUST, SERIES W payable in instalments as hereinafter provided, and to interest on said principal amount payable semiannually on January 15 and July 15 in each year, commencing July 15, 1977, at the rate of *% per annum from the date hereof until such principal amount becomes due and payable, with interest on any overdue instalment of principal and interest to the extent legally enforceable, at the rate of 9⅝% per annum. Payments of instalments of principal and interest shall be made by the Trustee to the registered holder hereof at the office of the Trustee in the City of New York, State of New York, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, but payable only out of rentals or other moneys received by the Trustee and applicable to

* 8% in respect of Trust Certificates finally maturing on January 15, 1982; 8⅝% in respect of Trust Certificates finally maturing on January 15, 1992.

such payment under the provisions of said Agreement. The principal amount of this certificate is payable in * equal annual instalments on January 15, in each year from January 15, ** through January 15, **, inclusive. Interest shall be computed hereunder on the basis of a 360 day year of twelve 30 day months.

The Agreement provides, however, that certain moneys deposited by the Company with the Trustee (with respect to railroad equipment referred to below which becomes worn out, unsuitable for use, lost or destroyed or taken by condemnation, requisition or other eminent domain proceeding) may, at the option of the Company, be used for *pro rata* prepayment of the principal amount of the Certificates.

This Certificate is one of an issue of Certificates having an aggregate principal amount not exceeding $35,000,000, all issued or to be issued under and subject to the terms of said Agreement, under which certain railroad equipment leased to the Company (or, in lieu thereof, cash or obligations defined as "Investments" in said Agreement) is held by the Trustee in trust for the benefit of the holders of the interests represented by said Certificates, to which Agreement (a copy of which is on file with the Trustee at its corporate trust office in the City of New York, State of New York) reference is made for a full statement of the rights and obligations of the Company, the duties and immunities of the Trustee and the rights of the holder hereof thereunder.

This Certificate has not been registered under the Securities Act of 1933, and may not be sold unless an exemption from registration is available. Subject to the foregoing restrictions, this Certificate is transferable by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at its said office of this Certificate accompanied by a written instrument of transfer, duly executed by the registered holder in person or by such attorney, in form satisfactory to the Trustee, and thereupon a new Certificate or Certificates for the same aggregate principal amount will

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* 5 in respect of Trust Certificates finally maturing on January 15, 1982; 10 in respect of Trust Certificates finally maturing on January 15, 1992.

** 1978 and 1982 in respect of Trust Certificates finally maturing on January 15, 1982; 1983 and 1992 in respect of Trust Certificates finally maturing on January 15, 1992.

be issued to the transferee in exchange herefor and if less than the entire unpaid principal amount hereof is transferred, a balance piece therefor will be issued to the transferor. The Trustee and the Company may treat the person in whose name this Certificate is registered as the absolute owner hereof for the purpose of receiving payment of principal and interest and for all other purposes, and shall not be affected by any notice to the contrary.

In case of default in the performance or observance of any of the covenants of the Company in said Agreement contained the principal amount represented by this Certificate may be declared due and payable, as provided in said Agreement.

IN WITNESS WHEREOF, the Trustee has caused this Certificate to be signed by the signature of one of its Vice Presidents and its corporate seal to be hereunto affixed and to be attested by one of its Trust Officers or Assistant Secretaries.

Dated as of:

BANK OF MONTREAL TRUST
COMPANY, Trustee,

By .....
Vice President.

ATTEST:

.....
Trust Officer.

[FORM OF GUARANTY]

CANADIAN PACIFIC LIMITED, for a valuable consideration, hereby unconditionally guarantees to the registered holder of the within Certificate the prompt payment of the principal of said Certificate and of the interest thereon specified in said Certificate when due, with interest at the rate of 9⅝% per annum on any unpaid principal, and on any unpaid interest to the extent that it shall be legally enforceable, all in accordance with the terms of said Certificate and the Equipment Trust Agreement referred to therein.

CANADIAN PACIFIC LIMITED,

By .....

By .....

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

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

ARTICLE I

DEFINITIONS

For all purposes of this Agreement, unless the context otherwise requires:

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

Company shall mean Canadian Pacific Limited and any successor or successors to it complying with the provisions of Section 4.8.

Cost, when used with respect to Equipment, shall mean the actual cost thereof, and shall include only such items as may properly be included in such cost in the property account of the Company under the accounting rules of the governmental authority having jurisdiction over the accounts of the Company, or, to the extent not determined thereby, sound accounting practice. Canadian dollars shall be converted to U.S. dollars for all computation of Cost or Fair Value of Equipment at the exchange rate prevailing at the time such Equipment becomes subject to this Agreement, except that for purposes of determining the Cost of Equipment originally subject to the terms of this Agreement, such rate shall be $1.0046 Canadian to $1 U.S.

Deposited Cash shall mean the aggregate of (a) cash on deposit with the Trustee as provided in the first sentence of Section 2.1 hereof, (b) any advance rental on deposit with the Trustee pursuant to Section 4.4(A)(1) hereof, (c) any sums restored to Deposited Cash from rentals pursuant to Section 4.4(B)(1)(b) hereof and on deposit with the Trustee and (d) when required or indicated by the context, any Investments purchased by the use of Deposited Cash pursuant to the provisions of Section 7.8 hereof and held by the Trustee.

Equipment means standard-gauge railroad equipment, other than passenger equipment or work equipment of types other than locomotives, purchased as new equipment and put into service no earlier than March 15, 1975; *provided, however*, that with respect to the railroad equipment described in Schedule A hereto such railroad equipment may include work equipment.

The *Fair Value* of any unit of Trust Equipment shall be deemed to be, when used in the last paragraph of Section 4.9 hereof, the lesser of, and when used in Section 4.7, the first paragraph of Section 4.9, and Section 5.1 hereof, the greater of, (x) the actual fair value thereof or (y) the Cost thereof less an amount (for each calendar month such unit has been in service) representing depreciation on such unit arising from reasonable wear and tear to be determined by the method in use at the time in standard railroad practice for determining such depreciation (but in no event, in the case of the last paragraph of Section 4.9 hereof, less than 1/15th of the Cost thereof per annum or, in the case

of Section 4.7, the first paragraph of Section 4.9, and Section 5.1 hereof, exceeding 1/15th of the Cost thereof per annum).

The word *holder*, when used with respect to Trust Certificates, shall include the plural as well as the singular number and, unless otherwise indicated by the context, shall mean and include the registered owner of a Trust Certificate.

Investments shall mean (i) bonds, notes or other direct obligations of the United States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest and principal, (ii) open market commercial paper of any company incorporated and doing business under the laws of the United States of America or one of the states thereof given the highest rating by Standard & Poor's Corporation or by Moody's Investors Service or an equivalent rating by a successor thereto and (iii) certificates of deposit of or time deposits in banks or trust companies (including the Trustee) incorporated and doing business under the laws of the United States of America or one of the states thereof having a capital and surplus aggregating at least $100,000,000; in each case maturing within one year after the date of investment therein.

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

Opinion of Counsel shall mean an opinion of counsel (who may be counsel to the Company) or other counsel satisfactory to the Trustee.

Owner shall mean the manufacturer or other person (which may be the Company) transferring title to any of the Equipment to the Trustee.

Penalty Rate shall mean the interest rate specified in the Trust Certificates with respect to overdue payments of principal and interest.

Request shall mean a written request for the action therein specified signed on behalf of the Company by the President or a Vice President of the Company and delivered to the Trustee.

Trust Certificates shall mean Canadian Pacific Limited Equipment Trust Certificates, Series W, issued hereunder.

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

Trustee shall mean Bank of Montreal Trust Company and any successor as trustee hereunder.

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

ARTICLE II

TRUST CERTIFICATES AND ISSUANCE THEREOF

SECTION 2.1. The net proceeds of the sale of any of the Trust Certificates shall forthwith upon issuance thereof be deposited in cash with the Trustee. At the same time the Company shall, if necessary, deposit with the Trustee any advance rental payable by the Company to the Trustee under Section 4.4(A)(1) hereof. Thereupon, the Trustee shall issue and deliver, as the Company shall direct by Request, Trust Certificates substantially in the forms set forth herein, and in the aggregate principal amount so sold. The aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee shall not exceed the Total Authorized Issue set forth in the form of Trust Certificates, and the aggregate principal amount represented by all Trust Certificates shall be payable as hereinafter set forth.

SECTION 2.2. Each of the Trust Certificates shall represent an interest in the principal amount therein specified in the trust created hereunder. Trust Certificates will be issued with two final maturities; the Certificates finally maturing on January 15, 1982, are herein called the 1982 Certificates and the Certificates finally maturing on January 15, 1992, are herein called the 1992 Certificates. The principal amount of the 1982 Certificates issued in the aggregate original principal amount of $11,670,000 shall be payable in five consecutive equal annual instalments as hereinafter provided on January 15 in each year from 1978 to and including 1982. The principal amount of the 1992 Certificates issued in the aggregate original principal amount of $23,330,000 shall be payable in ten consecutive equal annual instalments as hereinafter provided on January 15 in each year from 1983 to and including 1992. Payments of principal on any individual Trust Certificate will be made as specified therein. The Trust Certificates will bear interest from the date thereof on the unpaid principal amounts thereof, at

the rates specified therein, payable semiannually on January 15 and July 15 in each year commencing July 15, 1977. Interest shall be payable on any overdue instalment of principal and interest to the extent legally enforceable, at the Penalty Rate. Interest payable hereunder shall be computed on the basis of a 360 day year of twelve months, except as specified in the Trust Certificates.

The principal of and interest on the Trust Certificates shall be payable at the corporate trust office of the Trustee in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Trustee) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the instalments of principal amount represented thereby theretofore paid in whole or in part, on the date each such payment is due the Trustee will mail its check (or on request of the holder the Trustee will make such payment by wiring funds, not later than 10:00 a.m. New York time, immediately available on such date for such holder's account, to such bank as it may designate by notice in writing to the Trustee) to such registered holder at his address shown on the registry books maintained by the Trustee or at such other address as may be directed in writing by such holder (and the Company agrees to make its rental payments pursuant to Section 4.4 at such times and in such funds as will enable the Trustee to comply herewith); *provided, however*, that the deposit of an agreement pursuant to this paragraph shall not be required of any original purchaser of the Trust Certificates or of any institutional investors, or other purchasers approved by the Company, who, at the time payments of principal or interest are to be made, are registered holders of Trust Certificates, and the Trustee shall without the deposit of such agreement make payments of principal and interest to such original purchasers of Trust Certificates or institutional investors or to any other purchaser so approved by the Company at the address of each supplied to the Trustee by such holders.

SECTION 2.3. The Trust Certificates and the guaranty to be endorsed on the Trust Certificates by the Company as provided in Section 6.2 hereof shall be in substantially the forms hereinbefore set forth. The due date of each Trust Certificate shall appear upon its face, together with such numbers, descriptions or identifications as the Trustee may determine.

SECTION 2.4. The Trust Certificates shall be signed in the name and on behalf of the Trustee by the signature of one of its Vice Presidents and its corporate seal shall be attested by a Trust Officer or an Assistant Secretary. In case any officer of the Trustee whose signature shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before such Trust Certificates shall have been issued and delivered by the Trustee, such Trust Certificates shall be adopted by the Trustee and be issued and delivered as though such person had not ceased to be such officer of the Trustee.

SECTION 2.5. Upon surrender and cancellation of any of the Trust Certificates, the Trustee shall issue and deliver in exchange therefor Trust Certificates of the same maturity of such denominations as shall equal the aggregate principal amount of the Trust Certificates so surrendered and canceled.

Trust Certificates to be exchanged pursuant to this Section 2.5 shall be surrendered at the corporate trust office of the Trustee in the City of New York, State of New York, and canceled by the Trustee. The Company shall execute its guaranty on all Trust Certificates issued in exchange for Trust Certificates so surrendered and canceled.

The Trust Certificates shall be registered, as to both principal and interest, in the name of the holder; shall, subject to the conditions set forth in the form of Trust Certificate, be transferable upon presentation and surrender thereof for transfer at the corporate trust office of the Trustee in the City of New York, State of New York, accompanied by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by duly authorized attorney, in form satisfactory to the Trustee; and shall be dated as of the date of issue in the case of original issuance and otherwise as of the interest payment date next preceding the date of issue, unless issued on an interest payment date, in which event they shall be dated as of the date of issue, or unless issued in exchange

for another Trust Certificate or Certificates bearing unpaid interest from an earlier date, in which case they shall be dated as of such earlier date, and in any case shall entitle the registered holder to interest from the date thereof.

The parties hereto may deem and treat the registered holder of any Trust Certificate as the absolute owner of such Trust Certificate for all purposes and shall not be affected by any notice to the contrary.

For any exchange or transfer the Trustee shall require the payment of a sum sufficient to cover reimbursement for any stamp tax or other governmental charge connected therewith.

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

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

SECTION 2.6. In case any Trust Certificate shall become mutilated or defaced or be lost, stolen or destroyed, then on the terms herein set forth, and not otherwise, the Trustee, upon Request, (a) shall execute and deliver a new Trust Certificate, and the Company shall execute its guaranty thereon, of like maturity, tenor and date as the one mutilated, defaced, lost, stolen or destroyed, in exchange and substitution for, and upon cancellation of, the mutilated or defaced Trust Certificate, or in lieu of or in substitution for the same if lost, stolen or destroyed and (b) shall make payment of any matured and unpaid Trust Certificate. The applicant for a new Trust Certificate or for such payment shall furnish to the Trustee and to the Company evidence to their satisfaction of the mutilation, defacement, loss, theft or destruction of such Trust Certificate alleged to have been mutilated, defaced, lost, stolen or destroyed, and of the ownership and authenticity of such mutilated, de-

faced, lost, stolen or destroyed Trust Certificate, and also such security and indemnity as may be required by the Trustee and by the Company, in their discretion; and shall pay all expenses and charges of such substitution or exchange. All Trust Certificates shall be issued, held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, stolen or destroyed Trust Certificates, and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE III

Acquisition of Trust Equipment by Trustee; Deposited Cash

Section 3.1. The Company by these presents hereby sells, assigns and transfers and sets over unto the Trustee, as trustee for the holders of the Trust Certificates, all the Equipment described in Schedule A hereto, all of which the Company represents and warrants is Equipment as herein defined.

The Company represents and warrants to the Trustee, its successors and assigns, that title to all the Equipment described in Schedule A hereto hereby vested in the Trustee is free from all liens, security interests and encumbrances (including any leasehold interest therein) other than the rights of the Company under this Agreement.

Such Equipment has been delivered to the Company, which is hereby designated by the Trustee as its agent to receive such delivery, and this Agreement shall be conclusive evidence of such delivery.

In the event that it may be deemed necessary or desirable to procure for the transportation services of the Company, and to include in the trust hereby created, other Equipment in addition to any of the Equipment specifically described herein, the Company may cause such other Equipment not at the time owned by the Company to be sold, assigned, transferred and set over to the Trustee, to be included in the trust. Nothing in this paragraph shall be deemed to authorize substitution of Equipment for Equipment already transferred to the trust except as provided in Sections 4.7 and 4.9 hereof.

SECTION 3.2. From time to time, when and as any of the Equipment referred to in Section 3.1 hereof shall have been delivered to the Trustee or its agent (and, upon execution and delivery of this Agreement, in the case of Equipment transferred to the Trustee by Section 3.1 hereof and described in Schedule A), the Trustee shall (subject to the provisions of Sections 3.3 and 3.4 hereof) pay, upon Request, to the Owner or Owners of the delivered Equipment out of Deposited Cash then held by the Trustee an amount which, together with all payments previously made out of Deposited Cash upon deliveries of Equipment, will equal 80% of the aggregate Cost thereof, as specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.4(a) hereof.

SECTION 3.3. The Company covenants that, contemporaneously with any payment by the Trustee pursuant to Section 3.2 hereof (unless the Company shall be the Owner), it will either (a) pay to the Trustee the advance rental provided in Section 4.4(A)(2) hereof, and thereupon the Trustee shall, upon Request, pay to the Owner or Owners of the delivered Equipment, by the use of such advance rental, the portion of the Cost of the delivered Equipment not paid out of Deposited Cash as provided for in Section 3.2 hereof or (b) deliver to the Trustee an executed counterpart of a receipt from such Owner or Owners evidencing the direct payment by the Company to such Owner or Owners of that portion of the Cost of such Equipment equal to the amount of advance rental required to be paid to the Trustee pursuant to clause (a) of this sentence in respect of such Equipment. It is the intention of this Section 3.3 that the Trustee shall ultimately pay not more than 80% of the Cost of all Trust Equipment, and the Trustee and the Company shall at any time if occasion arises adjust their accounts and payments to the end that the Trustee shall pay with Deposited Cash not more than 80% of the Cost thereof, and the Company shall pay as advance rental, either to the Trustee or directly to the Owner or Owners of the Trust Equipment, the remainder.

SECTION 3.4. The Trustee shall not pay out any Deposited Cash against the delivery of any of the Equipment unless and until it shall have received (and it acknowledges receipt of the following in respect of the Equipment transferred to the Trustee by Section 3.1 hereof):

(a) An Officer's Certificate stating that (i) such Equipment is Equipment as herein defined, (ii) the Equipment described and spec-

ified therein by number or numbers has been delivered to the Company, as agent for the Trustee, and (iii) the Cost of each unit of such Equipment is an amount therein specified or is not less than an amount therein specified;

(b) A bill or bills of sale of such Equipment (if other than Equipment transferred to the Trustee by Section 3.1 hereof) from the Owner or Owners to the Trustee, which bill or bills of sale shall contain a warranty or guaranty to the Trustee that the title to the Equipment described therein is free from all liens, security interests and encumbrances;

(c) An Opinion of Counsel that such bill or bills of sale (or this Agreement in respect of the Equipment transferred to the Trustee by Section 3.1 hereof) are valid and effective, either alone or in connection with any other instrument referred to in such opinion, to vest in the Trustee title to such Equipment free from all liens, security interests and encumbrances; and

(d) In case of any Equipment not transferred to the Trustee by Section 3.1 hereof, an Opinion of Counsel that a proper supplement hereto in respect of such Equipment has been duly executed by the Trustee and the Company and duly filed, recorded and deposited in accordance with Section 6.4 hereof.

If the aggregate Cost of the Trust Equipment shall be less than 125% of the aggregate principal amount of Trust Certificates issued pursuant to Section 2.1 hereof, the Company will cause to be transferred to the Trustee, pursuant to a proper supplement hereto, additional Equipment in such amount and of such Cost that the aggregate final Cost of the Trust Equipment will be at least 125% of the aggregate principal amount of Trust Certificates issued hereunder, and will concurrently deliver to the Trustee the documents specified in this Section 3.4.

SECTION 3.5. Interest, if any, allowed by the Trustee upon any moneys received by it under the provisions hereof and any interest (in excess of accrued interest paid from Deposited Cash at the time of purchase) or other profit accruing upon any investment of Deposited Cash as permitted by Section 7.8 hereof shall belong to the Company and be paid to it by the Trustee, as long as the Company shall not be known to the Trustee to be in default hereunder.

ARTICLE IV

LEASE OF TRUST EQUIPMENT TO THE COMPANY

SECTION 4.1. The Trustee does hereby let and lease all the Trust Equipment to the Company for a term ending January 15, 1992.

SECTION 4.2. In the event that the Company shall, as provided in Sections 3.1, 3.4 and 4.9 hereof, cause to be transferred to the Trustee other Equipment in addition to or in substitution for any of the Equipment herein specifically described, such other Equipment shall be included as part of the Trust Equipment by supplement hereto and shall be subject to all the terms and conditions hereof in all respects as though it had been part of the Trust Equipment herein specifically described.

SECTION 4.3. As and when any Equipment shall from time to time be transferred and delivered to the Company as agent for the Trustee, the same shall, *ipso facto* and without further instrument of lease or transfer, pass under and become subject to all the terms and provisions hereof.

SECTION 4.4. The Company hereby accepts the lease of all the Trust Equipment, and covenants and agrees to accept delivery and possession hereunder of the Trust Equipment as hereinbefore provided; and the Company covenants and agrees to pay to the Trustee (or, in the case of taxes, to the proper taxing authority), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, rent which shall be sufficient to pay and discharge the following items, when and as the same shall become due and payable (whether or not any of such items shall become due and payable prior to the delivery and lease to the Company of any of the Trust Equipment):

(A) The Company shall pay, as hereinafter provided, as advance rental hereunder, sums which in the aggregate shall be equal to the difference between the aggregate Cost of the Trust Equipment (other than Trust Equipment subjected hereto pursuant to Section 4.9 hereof) and the portion thereof to be provided out of the net proceeds (excluding premium and accrued interest, if any) of the sale of the Trust Certificates, the intention being that, when all such Trust

Equipment shall have been delivered to the Company as agent for the Trustee, the Company shall have paid or shall pay, as advance rental hereunder, a sum equal to the amount by which the aggregate Cost of such Trust Equipment exceeds such net proceeds of the sale of the Trust Certificates. The Company agrees to pay such advance rental as follows:

(1) At the time of issue of the Trust Certificates, the Company shall pay to the Trustee a sum which, when added to such net proceeds of the sale of the Trust Certificates deposited with the Trustee, will make the total sum deposited equal to the principal amount of the Trust Certificates issued;

(2) Upon delivery of any of such Trust Equipment, the Company shall pay either to the Trustee or directly to the Owner or Owners of the Trust Equipment (if other than the Company) a sum equal to the portion of the Cost of such delivered Trust Equipment not paid out of Deposited Cash as provided for in Section 3.2 hereof.

(B) In addition to such advance rental the Company shall pay to the Trustee, as hereinafter provided, as rental for the Trust Equipment, and whether or not at the time any thereof shall have been delivered to the Company, the following:

(1) (a) The necessary and reasonable expenses of the trust hereby created, including compensation and expenses provided for herein, and (b) an amount equal to any expenses incurred or loss of principal (including interest accrued thereupon at time of purchase) in connection with any purchase, sale or redemption by the Trustee of Investments;

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

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

(4) The principal of the Trust Certificates, when and as the same shall become payable, whether upon the respective stated dates of maturity thereof or otherwise under the provisions thereof or of this Agreement.

Nothing herein or in the Trust Certificates contained shall be deemed to impose on the Trustee or on the Company any obligation to pay to the holder of any Trust Certificate any tax, assessment or governmental charge required by any present or future law of the United States of America or Canada or of any province, state, county, municipality or other taxing authority thereof to be paid in behalf of, or withheld from the amount payable to, the holder of any Trust Certificate. The Company shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, unless in the judgment of the Trustee the rights or interests of the Trustee or of the holders of the Trust Certificates may be materially endangered thereby.

SECTION 4.5. At the termination of the lease provided herein and after all payments due or to become due from the Company hereunder shall have been completed and fully made to the Trustee, (1) such payments shall be applied and treated as purchase money and as the full purchase price of the Trust Equipment, (2) any moneys remaining in the hands of the Trustee after providing for all outstanding Trust Certificates and after paying the expenses of the Trustee, including its reasonable compensation, shall be paid to the Company, (3) title to all the Trust Equipment shall vest in the Company, and (4) the Trustee shall execute for record in public offices, at the expense of the Company, such instrument or instruments in writing as reasonably shall be requested by the Company in order to make clear upon public records the title of the Company to all the Trust Equipment under the laws of any jurisdiction; *provided, however,* that until that time title to the Trust Equipment shall not pass to or vest in the Company, but title to and ownership of all the Trust Equipment shall be and remain in the Trustee, notwithstanding the delivery of the Trust Equipment to and the possession and use thereof by the Company.

SECTION 4.6. The Company agrees that as soon as reasonably practicable after the delivery to the Company of each unit of the Trust Equipment, there shall be plainly, distinctly, permanently and conspicuously placed and fastened upon each side of such unit a metal plate bearing the following words or such words shall be otherwise plainly, distinctly, permanently and conspicuously marked on each side of such unit, in either case in letters not less than one-half inch in height:

"BANK OF MONTREAL TRUST COMPANY, NEW YORK CITY, NEW YORK, TRUSTEE, OWNER, LESSOR"

Such plates or marks shall be such as to be readily visible and as to indicate plainly the Trustee's ownership of each unit of the Trust Equipment. In case, prior to the termination of the lease provided for herein, any of such plates or marks shall at any time be removed, defaced or destroyed, or a successor Trustee shall be appointed thereunder, the Company shall as soon as reasonably practicable thereafter cause the same to be restored or replaced or substitute plates with the name of the successor Trustee to be placed on the Trust Equipment, as the case may be. The Company shall not change or permit to be changed, the numbers of any of the Trust Equipment at any time covered hereby (or any numbers which may have been substituted as herein provided) except in accordance with a statement of new numbers to be submitted therefor which previously shall have been filed by the Company with the Trustee and filed, recorded and deposited in accordance with the provisions of Section 6.4.

The Trust Equipment may be lettered "Canadian Pacific Limited", "Canadian Pacific Railway Company", "Canadian Pacific Railway", "Canadian Pacific", "CP Rail", or with the name or initials of any Affiliate which, as hereinafter provided, is permitted to use the Trust Equipment, or in some other appropriate manner, for convenience of identification of the leasehold interest of the Company therein. During the continuance of the lease provided for herein, the Company shall not allow the name of any person, association or corporation to be placed on any of the Trust Equipment as a designation which might be interpreted as a claim of ownership thereof by the Company or by any person, association or corporation other than the Trustee.

SECTION 4.7 The Company agrees that it will maintain and keep all the Trust Equipment in good order and proper repair in accordance with applicable Canadian governmental regulations regarding railroad rolling stock at its own cost and expense, unless and until worn out, unsuitable for use whether by obsolescence or otherwise, lost or destroyed or taken by condemnation, requisition or other eminent domain proceeding. Whenever any of the Trust Equipment shall be worn out, lost or destroyed or become unsuitable for use or be taken by condemnation, requisition or other eminent domain proceeding, the Company shall forthwith deliver to the Trustee an Officer's

Certificate describing such Trust Equipment and stating the then Fair Value thereof. When the total Fair Value of all the Trust Equipment having become worn out, unsuitable for use, lost or destroyed (exclusive of Trust Equipment in respect of which a payment shall have been made to the Trustee pursuant to this Section 4.7) or taken by condemnation, requisition or other eminent domain proceeding shall amount to $200,000 (or such lesser amount as the Company may elect), the Company shall, on the next interest payment date occurring 30 days after it shall have knowledge thereof, deposit with the Trustee an amount in cash equal to such Fair Value. The rights and remedies of the Trustee to enforce or to recover any of the rental payments shall not be affected by reason of such wearing out, unsuitableness for use, loss or destruction. Cash deposited with the Trustee pursuant to this Section 4.7 shall be held and applied as provided in Section 4.9 hereof.

The Company covenants and agrees to furnish to the Trustee, whenever required by the Trustee, and at least once in every calendar year following the calendar year in which occurs the first delivery of any of the Trust Equipment and during the continuance of the lease provided for herein, an Officer's Certificate stating (1) the amount, description and numbers of the Trust Equipment then covered hereby and showing the Trust Equipment then in actual service, (2) the amount, description and numbers of all that may have become worn out, or that may have become unsuitable for use or lost or destroyed by accident or otherwise since the date of the last preceding statement, and (3) the amount, description and numbers of all then undergoing repairs, other than running repairs, or then withdrawn from use for such repairs, and stating that in the case of all Trust Equipment repainted or repaired since the date of the last preceding statement the plates or marks required by Section 4.6 hereof have been preserved, or that the same when repainted or repaired have been again plated or marked as required thereby. The Trustee, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect, at the expense of the Company, the Trust Equipment, and the Company covenants in that event to furnish to the Trustee all reasonable facilities for the making of such inspection.

SECTION 4.8. The Company, so long as it is not in default hereunder, shall be entitled to the possession of the Trust Equipment from

and after delivery thereof to the Company, and the use thereof upon the lines of railroad owned or operated by the Company (either alone or jointly with another) or by any Affiliate, or upon lines over which the Company or any Affiliate shall have trackage or other operating rights, and the Company shall also be entitled to permit the use of the Trust Equipment upon other carriers in the usual interchange of traffic and upon other carriers over which service may from time to time be afforded, but only upon and subject to all the terms and conditions of this Agreement.

The Company shall not, without first obtaining the written consent of the Trustee, assign or transfer its rights hereunder, or transfer or sublet the Trust Equipment or any part thereof except to an Affiliate; and the Company shall not, without such written consent, except as provided in this Section 4.8, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment. An assignment or transfer to a railroad company or other purchaser which shall have net worth at least equal at the time to the net worth of the Company and which shall acquire all or substantially all the lines or railroads of the Company, and which, by execution of an appropriate instrument satisfactory to the Trustee, shall assume and agree to perform each of and all the obligations and covenants of the Company hereunder and under the guaranty endorsed on the Trust Certificates, shall not be deemed a breach of this covenant; *provided, however*, that notwithstanding any such assignment and assumption and consent of the Trustee thereto, the Company shall not be released from its obligations under this Agreement and the guaranty. The Trustee shall have the right to declare the lease provided for herein terminated in case of any unauthorized assignment or transfer of its rights hereunder or in case of any unauthorized transfer or sublease of any of the Trust Equipment. The election of the Trustee to terminate the lease provided for herein shall have the same effect as the retaking of the Trust Equipment by the Trustee as hereinafter provided.

SECTION 4.9. Any units of the Trust Equipment which shall have become worn out or unsuitable in any respect for the use of the Company may be released, and it is hereby mutually agreed that at any time hereafter until title thereto shall become vested in the Company the Trustee will release any such units of the Trust Equipment upon the filing with it of a Request and an Officer's Certificate which shall

describe such units, shall state the date when each of such units was first put into service, shall state that such units have become worn out or unsuitable for the use of the Company, shall state the selling price thereof, and shall specify the then Fair Value thereof. No such release shall be made unless and until the Company shall have paid to the Trustee an amount equal to such selling price or Fair Value, whichever shall be greater.

Any moneys paid to the Trustee pursuant to this Section 4.9 or Section 4.7 hereof or the last paragraph of Section 3.4 hereof (all of such moneys being herein called Replacement Funds) shall be received and held by the Trustee in trust hereunder pending delivery of additional Equipment. Upon the filing with it of a Request and an Officer's Certificate which shall specify the kind and number of units of Equipment to be purchased, such moneys shall, upon receipt by the Trustee of certificates, bills of sale, supplements hereto and Opinions of Counsel, all in like manner as is provided in Section 3.4 hereof, be applied by the Trustee to the purchase of such Equipment at the Fair Value or Cost thereof, whichever is less.

Notwithstanding the provisions of the preceding paragraph, the Company may direct, by Request to the Trustee, that all or any portion of any moneys paid to the Trustee pursuant to Section 4.7 hereof be applied by the Trustee to the prepayment of Trust Certificates. In case the Company desires to prepay the Trust Certificates pursuant to this paragraph, it shall deliver to the Trustee with such Request an Officer's Certificate specifying the aggregate principal amount of the Trust Certificates to be prepaid and the date fixed for prepayment (which date shall be the next Interest Payment Date falling 60 days after the delivery of such Officer's Certificate). Such prepayment of principal shall be applied to the *pro rata* prepayment of each instalment of principal remaining unpaid on the Trust Certificates (in proportion to the principal amount represented by each such instalment), each of the holders of the Trust Certificates to share proportionately in such prepayment.

SECTION 4.10. The Company covenants and agrees to indemnify the Trustee and the holders of Trust Certificates against any and all claims, costs and expenses of whatever kind arising out of or connected with the ownership or use of any of the Trust Equipment or the lease thereof

to the Company (it being the intention that payments to the Trustee hereunder shall be net of expenses of ownership and operation), and particularly against any and all claims arising out of the use of any patented inventions in and about the Trust Equipment, and to comply in all respects with the laws of Canada, of the United States of America and of all the provinces, states and other jurisdictions in which the Trust Equipment, or any thereof, may be operated, and with all lawful acts, rules, regulations and orders of all ministries, commissions, boards and other legislative, executive, administrative or judicial bodies or officers having power to regulate or supervise any of the Trust Equipment, including without limitation all lawful acts, rules, regulations and orders of any body having competent jurisdiction relating to automatic coupler devices or attachments, air brakes or other appliances; *provided, however*, that the Company may in good faith contest the validity of any such law, act, rule, regulation or order, or the application thereof to the Trust Equipment or any part thereof, in any reasonable manner which will not in the judgment of the Trustee materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates. The Company shall not be relieved from any of its obligations hereunder by reason of the assertion or enforcement of any such claims or the commencement or prosecution of any litigation in respect thereof.

ARTICLE V

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.1. The Company covenants and agrees that in case

(a) the Company shall default in the payment of any part of the rental payable hereunder (including advance rental) for more than two days after the same shall have become due and payable, or default shall be made and continue for more than two days in the payment when due of principal of or interest on any Trust Certificate or

(b) the Company shall make or suffer any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or sublease of (including, for the purpose of this clause, any contract for the use of) any of the Trust Equipment (as provided in Section 4.8 hereof or otherwise) or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or sublease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancellation and recovery of possession, or within said 30 days to deposit

with the Trustee a sum in cash equal to the Fair Value, as of the date of such unauthorized action, of the Trust Equipment so assigned or transferred or subleased or the possession of which shall have been parted with otherwise than as herein authorized (any sum so deposited to be returned to the Company upon cancellation of such assignment, transfer or sublease and the recovery of possession by the Company of such Trust Equipment), or

(c) the Company shall, for more than 30 days after the Trustee shall have demanded in writing performance thereof, fail or refuse to comply with any other of the terms and covenants hereof on its part to be kept and performed, or to make provision satisfactory to the Trustee for such compliance,

(d) the lease provided for herein shall be terminated by operation of law or pursuant to the last paragraph of Section 4.8 hereof, or

(e) the Company shall default in the payment of any part of the rental under any other equipment trust agreement or in the payment of principal or interest under any equipment trust, loan agreement or obligation for borrowed money, for more than 10 days after the same shall have become due and payable,

(f) the Company shall file with the court a scheme of arrangement between the Company and its creditors or there shall be appointed a receiver or receivers in equity or reorganization or a trustee or trustees in bankruptcy or reorganization for the Company or for its property unless, prior to any action by the Trustee to exercise the remedies herein provided, such scheme of arrangement shall be terminated by the court or such receiver or receivers or trustee or trustees shall be discharged or such receiver or receivers or trustee or trustees shall, pursuant to court order or decree, in writing, duly assume and agree to pay or perform each of and all the obligations and covenants of the Company hereunder and under the guaranty endorsed on the Trust Certificates, in such manner that such obligations shall have the same status as obligations incurred by such receiver or receivers or trustee or trustees, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action, or

(g) any representation or warranty contained in, or given pursuant to, the Purchase Agreement dated as of January 1, 1977, among the Company and the Purchasers named in Annex I thereto shall prove to have been false at the time made in any material respect,

then, in any such case (herein sometimes called an event of default), the Trustee in its discretion may, and upon the written request of the holders of not less than 10% in principal amount of the then outstanding Trust Certificates in the case of any event of default specified in clause (a) of this Section 5.1, or 25% in principal amount of the then outstanding Trust Certificates in the case of any event of default specified in clauses (b) through (g) of this Section 5.1, shall, by notice in writing delivered to the Company, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date of such declaration) payable by the Company as set forth in Section 4.4 hereof and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the Penalty Rate to the extent legally enforceable, on any portion thereof overdue; and the Trustee shall be entitled to recover judgment for the total amount so becoming payable by the Company, together with interest thereon at the Penalty Rate to the extent legally enforceable, and to collect such judgment out of any property of the Company wherever situated.

In addition, in case one or more events of default shall happen, the Trustee in its discretion may, and upon the written request of the holders of not less than 25% in principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Company, declare the principal of all the Trust Certificates then outstanding to be due and payable, and thereupon the same shall become and be immediately due and payable.

SECTION 5.2. In case of the happening of any event of default, the Trustee may by its agents enter upon the railroad and premises of the Company and of any Affiliate and take possession of all or any part of the Trust Equipment and withdraw the same from said railroad and premises, retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid *per diem*, mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease the Trust Equipment or any part thereof, or with or without retaking possession thereof (but only after declaring due and payable the entire amount of rentals payable by the Company as provided in Section 5.1 hereof) may sell the same or any

part thereof, free from any and all claims of the Company at law or in equity, in one lot and as an entirety or in separate lots, in so far as may be necessary to perform and fulfill the trust hereunder, at public or private sale, for cash or upon credit, in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of interests hereunder in the manner herein provided. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so long as such sale shall be held in a commercially reasonable manner and so that the Company may and shall have a reasonable opportunity to bid at any such sale. Upon such taking possession or withdrawal or lease or sale of the Trust Equipment, the Company shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Company, and no payments theretofore made by the Company for the rent or use of the Trust Equipment or any of it shall, in case of the happening of any event of default and such taking possession, withdrawal, lease or sale by the Trustee, give to the Company any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Company of rentals then or thereafter due and payable, and the Company shall be and remain liable for the same until such sums shall have been realized as, with the proceeds of the lease or sale of the Trust Equipment, shall be sufficient for the discharge and payment in full of all the items mentioned in Section 4.4 hereof (other than interest not then accrued), whether or not they shall have then matured. The holders of a majority in principal amount of the then outstanding Trust Certificates shall have the right from time to time to direct which of the proceedings above provided for shall be taken for enforcement of the remedies contained herein.

SECTION 5.3. If, in case of the happening of any event of default, the Trustee shall exercise any of the powers conferred upon it by Sections 5.1 and 5.2 hereof, all payments made by the Company to the Trustee

hereunder after such event of default, and the proceeds of any judgment collected hereunder from the Company by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates), shall be applied by the Trustee to the payment in the following order of priority: (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement, (b) of the interest then due, with interest on overdue interest at the Penalty Rate to the extent legally enforceable, and (c) of the principal of all the outstanding Trust Certificates, with interest thereon at the Penalty Rate to the extent legally enforceable from the last preceding interest payment date, whether such Trust Certificates shall have then matured by their terms or not. Any partial payments of principal or interest on the Trust Certificates shall be made *pro rata.*

After all such payments shall have been made in full, the title to any of the Trust Equipment remaining unsold shall be conveyed by the Trustee to the Company free from any further liabilities or obligations to the Trustee hereunder. If after applying all such sums of money realized by the Trustee as aforesaid there shall remain any amount due to the Trustee under the provisions hereof, the Company agrees to pay the amount of such deficit to the Trustee. If after applying as aforesaid the sums of money realized by the Trustee there shall remain a surplus in the possession of the Trustee, such surplus shall be paid to the Company.

SECTION 5.4. If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as in Section 5.1 hereof provided, but before January 15, 1992, all arrears of rent (with interest at the Penalty Rate upon any overdue instalments to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by the Company's default, and all other sums which shall have become due and payable by the Company hereunder (other than the principal of Trust Certificates and any other rental instalments which shall not at the time have matured according to their terms), shall be paid by the Company before any sale or lease by the Trustee of any of the Trust Equipment,

and every other default in the observance or performance of any covenant or condition hereof shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested by the holders of a more than 66⅔ per cent in principal amount of the Trust Certificates then outstanding, shall by written notice to the Company waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.5. No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Company or in respect of the Trust Equipment, on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Company by the Trustee or by any such holder, shall affect the obligations of the Company hereunder or the obligations of the Company under the guaranty endorsed on the Trust Certificates. The Company hereby waives presentation and demand in respect of any of the Trust Certificates and waives notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.6. In case the Trustee shall demand possession of the Trust Equipment pursuant to the provisions hereof and shall reasonably designate a point or points upon the railroad of the Company or of any Affiliate for the delivery of the Trust Equipment to it, the Company shall at its own expense forthwith and in the usual manner cause the Trust Equipment to be moved to such point or points on such railroad as shall be designated by the Trustee and shall there deliver or cause to be delivered the same to the Trustee, or the Trustee may at its option keep the Trust Equipment on any of the lines of railroad or premises of the Company or of any Affiliate until the Trustee shall have leased, sold or otherwise disposed of the same, and for such purpose the Company agrees to furnish without charge for rent or storage the necessary facilities at any convenient point or points selected by the Trustee. It is hereby expressly covenanted and agreed that the performance of this covenant is of the essence of this Agreement and that upon application to any court having jurisdiction in the premises, the

Trustee shall be entitled to a decree against the Company requiring the specific performance thereof.

SECTION 5.7. The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity. Such remedies shall be subject in all respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Company.

ARTICLE VI

ADDITIONAL COVENANTS AND AGREEMENTS BY THE COMPANY

SECTION 6.1. The Company hereby covenants and agrees to make payment of the reasonable expenses and compensation of the Trustee, and of all taxes, assessments and governmental charges herein mentioned for which the Trustee, as such, may be liable and of the rentals and of the other amounts provided for herein.

SECTION 6.2. The Company hereby unconditionally guarantees that the holder of each of the Trust Certificates shall receive the principal sum thereof, in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, when and as the same shall become due and payable, in accordance with the provisions thereof or of this Agreement (and, if not so paid, with interest thereon at the Penalty Rate to the extent legally enforceable), and shall receive interest thereon in like money at the rate specified therein from the date thereof, to the date of maturity of such Trust Certificate, at the times and places and otherwise as expressed in the Trust Certificates (and, if not so paid, with interest thereon at the Penalty Rate to the extent legally enforceable), irrespective of any enforcement against the Trustee. The guaranty of the Company hereunder and as endorsed on the Trust Certificates is an unconditional and absolute guaranty of payment and not a guaranty of collection and if, for any reason, any amounts or any part thereof payable under or in connection with the Trust Certificates or this Agreement to any holder of the Trust Certificates shall not be paid promptly when due and payable, the Company will forthwith pay such amounts to the holder thereof. The Company's obligations as guarantor under

this Section 6.2 shall not be in any way discharged, impaired or affected except by performance thereof and the Company irrevocably waives diligence, presentment, demand of payment, protest, notice of assignment or of any default hereunder, all claims of waiver, release, surrender, alteration or compromise and all defenses (whether under the lease or otherwise and whether or not the lease shall be deemed to have been terminated), counterclaims, recoupment, reductions, limitations or impairments. The Company covenants that its obligations as guarantor under this Section 6.2 will not be discharged except by complete performance of the obligations contained in the Trust Certificates and in this Agreement; and the Company agrees that its guaranty shall remain in full force and effect without regard to, and shall not be affected or impaired by, any invalidity, irregularity or unenforceability in whole or in part of any Trust Certificate or of this Agreement or any limitation on the liability of the Company thereunder or hereunder or any limitation on the method or terms of payment thereunder or hereunder which may now or hereafter be caused or imposed in any manner whatsoever. The guaranty of the Company hereunder is additional to and will not prejudice or be prejudiced by any security heretofore or hereafter taken by any holder of the Trust Certificates from the Company or any other person and the liabilities of the Company under such guaranty will not be discharged or impaired by reason of any time or other indulgence given to any person or any dealing with, exchange, release or valuation of any such security or any omission on the part of any holder of Trust Certificates to perfect any such security or to enforce any of its rights in respect of the same. The obligations, covenants, agreements and duties of the Company hereunder shall not be affected or impaired by any assignment or transfer in whole or in part of any Trust Certificate without notice to the Company or the extension or renewal thereof or the modification or amendment (whether material or otherwise) of any duty, agreement, or obligation of the Company set forth in the Trust Certificates or in this Agreement. The Company further covenants and agrees to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, its guaranty of the prompt payment of the principal thereof and of the interest thereon, in substantially the form hereinbefore set forth. Said guaranty so endorsed shall be signed in the name and on behalf of the Company by the signature of its Chairman,

President or Vice-President Finance and Accounting, and the Secretary or an Assistant Secretary of the Company. In case any officer of the Company whose signature shall appear on said guaranty shall cease to be such officer before the Trust Certificates shall have been issued and delivered by the Trustee, or shall not have been acting in such capacity on the date of the Trust Certificates, such guaranty shall nevertheless be as effective and binding upon the Company as though the person who signed said guaranty had at all times been such officer.

SECTION 6.3. The Company covenants and agrees it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien or charge upon or against any of the Trust Equipment, except upon the leasehold interest of the Company therein; but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, unless such contest will in the judgment of the Trustee materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates.

SECTION 6.4. The Company covenants and agrees to pay the expenses incident to the preparation and execution of the Trust Certificates to be issued hereunder, or connected with the preparation, execution, recording, filing and depositing hereof and of any instruments executed under the provisions hereof with respect to the Trust Equipment. The Company with all convenient speed will cause this Agreement, all supplements hereto and all statements of new numbers of the Trust Equipment to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and, within 21 days from the execution hereof and thereof, as the case may be, deposited with the Registrar General of Canada, and notice of such deposit to be forthwith given in *The Canada Gazette* pursuant to Section 86 of the Railway Act of Canada. The Company will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Trustee for the purposes of proper protection of the title of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying

out and effectuating this Agreement and the intent hereof; and the Company will promptly furnish to the Trustee certificates or other evidences of filing, recording and depositing pursuant to the last preceding sentence, and of any other such filing, registration, recording and depositing, and an Opinion or Opinions of Counsel with respect thereto.

SECTION 6.5. The Company covenants and agrees from time to time to do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

SECTION 6.6. The Company covenants that it will make payment of the rentals on account of the Trust Equipment as provided in this Agreement notwithstanding that any of the Trust Certificates shall have been acquired by the Company or shall not have been presented for payment.

ARTICLE VII

THE TRUSTEE

SECTION 7.1. The Trustee hereby accepts the trusts imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed. The Trustee covenants and agrees that in performance of the trusts imposed upon it by this Agreement it will not enter into any transactions or incur any obligations other than as herein authorized or contemplated.

SECTION 7.2. The Trustee covenants and agrees to apply and distribute the rentals received by it under Section 4.4(B) hereof (other than sums restored to Deposited Cash from rentals pursuant to Section 4.4(B)(1) hereof) when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in said Section 4.4(B).

SECTION 7.3. The Trustee shall cause to be kept in the City of New York, State of New York, books for the registration and transfer of the Trust Certificates; and upon presentation for such purpose the Trustee will register or cause to be registered as hereinbefore provided, under such reasonable regulations as it may prescribe, any of the Trust Certificates.

SECTION 7.4. The Company hereby agrees to indemnify fully the Trustee against all liability and expenses incurred in insuring, taking

care of or taking possession of the Trust Equipment or in the performance of any other duties under this Agreement. The Trustee shall not be required to undertake any act or duty in the way of insuring, taking care of or taking possession of the Trust Equipment or to undertake any other act or duty under this Agreement until fully indemnified by the Company or by one or more of the holders of the Trust Certificates against all liability and expenses. The Trustee shall not be responsible for the filing or recording or refiling or rerecording of this Agreement, of any supplement hereto or of any statement of new numbers. The Trustee may issue and deliver Trust Certificates in advance of such filing or recording. In accepting delivery of and making payment for the Trust Equipment hereunder, or in accepting any cash payable hereunder in respect of Trust Equipment, the Trustee may rely upon and shall be fully protected by the certificates, bills of sale (or this Agreement in respect of the Equipment transferred to the Trustee by Section 3.1 hereof), supplements hereto and Opinions of Counsel to be furnished to it under Section 3.4, 4.7 or 4.9 hereof, as the case may be, and shall not be required to make any further investigation of or inquiry concerning the matters covered thereby.

SECTION 7.5. The Trustee shall be under no obligation to take any action for the execution or enforcement of the trust hereby created unless requested thereunto in writing by the holders of not less than 25% in principal amount of the then outstanding Trust Certificates and unless indemnified to its satisfaction against expense and liability with respect thereto, and unless also furnished with proof satisfactory to it as to the ownership of the Trust Certificates in respect of which any such request may be made; but this provision, in the absence of such request, shall not affect any discretion herein given to the Trustee to determine whether it shall take action in respect of any default hereunder or what action it shall take.

SECTION 7.6. No holder of any Trust Certificate shall have any right to institute any suit, action or proceeding for the execution and enforcement of the trust hereby created unless, after the aforesaid request in writing by the holders of not less than 25% in principal amount of the then outstanding Trust Certificates shall have been made to the Trustee, and after indemnity satisfactory to it shall have been provided, and after 30 days shall have elapsed after receipt by the Trustee of such request, it shall decline, fail or neglect to institute any proceedings pur-

suant thereto. Neither the provisions of this Section 7.6 nor the provisions of Section 7.5 hereof shall affect or limit in any way the obligations of the Company under its guaranty hereinabove provided or the rights of the holders of Trust Certificates to institute suit for the enforcement of payments due under said guaranty in respect of the Trust Certificates or joining (to the extent necessary under applicable law) the Trustee in any such proceeding.

SECTION 7.7. The Trustee may for all purposes conclusively assume that the Company is not in default under the terms hereof (except a default in the payment of rental or a default admitted by the Company or one of which the Trustee has actual knowledge) until notified in writing to the contrary by the holders of at least 10% in principal amount of the then outstanding Trust Certificates, which notice shall distinctly specify the event of default desired to be brought to the attention of the Trustee. As to any fact or matter the manner of determining which is not specifically prescribed herein, the Trustee may for all purposes rely upon an Officer's Certificate as to such fact or matter. The Trustee shall not incur any liability to anyone in relying conclusively on, and in acting upon, any notice, consent, order, certificate, warrant or other paper or instrument believed by it to be genuine or authentic and to be signed by the proper party or parties. Upon the occurence of any default in the payment of rental or any default admitted by the Company or the receipt of actual knowledge of a default by the Trustee, or the receipt of any notice with respect to a default from holders of outstanding Trust Certificates as described herein, the Trustee shall promptly give written notice to all holders of outstanding Trust Certificates specifying all such defaults or notices and the nature and status thereof.

SECTION 7.8. Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried as a general deposit and need not be segregated from other funds except to the extent required by law. The Trustee shall not be under any liability for interest on any moneys received by it hereunder except such as it may agree with the Company to pay thereon.

At any time, and from time to time, if at the time there shall be no default under the terms of this Agreement or of any supplement hereto, the Trustee, on Request, shall invest and reinvest Deposited

Cash and Replacement Funds held by it in such Investments as are set forth in such Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

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

The Trustee shall restore to Deposited Cash or Replacement Funds, as the case may be, out of rent received by it for that purpose under the provisions of Section 4.4(B)(1) hereof, an amount equal to any expenses incurred in connection with any purchase or sale of Investments and also an amount equal to any loss of principal incident to the sale or redemption of any Investments for a sum less than the amount paid therefor, including accrued interest. The Company, if not in default under the terms hereof or any supplement hereto, shall be entitled to receive any interest or profit which may be realized from any sale or redemption of Investments or any portion thereof.

SECTION 7.9. The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the Owners or manufacturers thereof or of the Company, or for any defect in any of the Trust Equipment or in the title thereto, **nor shall anything herein be construed as a warranty of merchantability or fitness on the part of the Trustee in respect thereof** or as a representation in respect of the value thereof or in respect of the title thereto.

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

The Trustee shall be entitled to receive payment of all its expenses and disbursements hereunder, including reasonable counsel fees, and to receive reasonable compensation for all services rendered by it in the execution of the trust hereby created, all of which shall be paid by the Company.

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

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

SECTION 7.10. If at any time the Trustee or any successor to it in the trust hereby created shall desire to divest itself of title to the Trust Equipment, and to terminate its duties and obligations and rights hereunder and under the Trust Certificates, or if the holders of a majority in principal amount of the then outstanding Trust Certificates shall so request, and such request may be with or without cause, the Trustee shall so notify the Company in writing, and the Company shall thereupon designate in writing to the Trustee a bank or a trust company, qualified as below specified, to serve until a successor is appointed by the holders of Trust Certificates as hereinafter provided, to which may be assigned the entire right, title and interest of the Trustee or such successor in the Trust Equipment, and in which may be vested the rights, powers, duties and obligations of the Trustee hereunder and under the Trust Certificates. Upon the transfer and delivery of all moneys and Trust Equipment held by the retiring trustee, and the execution by the retiring trustee of such instruments of transfer as may be reasonably requested by the successor trustee, and upon acceptance by the successor trustee of the assignment and of the trust, the retiring trustee shall be relieved and discharged of all the title, rights, powers, duties and obligations of the trust hereunder and under the Trust Certificates, and the same shall become vested in such successor trustee, and every provision hereof, applicable to the retiring trustee shall apply to such successor trustee with like effect as if such successor trustee had been originally named herein in the place and stead of the retiring trustee. In the event that the Company shall fail

to designate such a successor trustee by instrument in writing delivered to the retiring trustee within two weeks from the time of receiving such notice in writing from the retiring trustee, the retiring trustee may thereupon designate such successor trustee. The foregoing provisions are, however, subject to the right of the holders of the majority in principal amount of the then outstanding Trust Certificates by an instrument in writing to appoint any successor trustee, if such appointment is made within one year from the date of the giving of such notice to the Company. The Company shall execute all writings recognizing the transfer of title as aforesaid and all instruments of further assurance or otherwise as reasonably may be requested by the successor trustee in the premises, and will do and perform any and all acts necessary to establish and maintain the title and rights of the successor trustee in and to the Trust Equipment. Every successor trustee shall be a bank or a trust company doing business in the Borough of Manhattan, City and State of New York, having a capital and surplus aggregating at least $100,000,000, if there be such a bank or trust company willing and able to accept the trust upon reasonable and customary terms and duly qualified to act as such trustee.

SECTION 7.11. Any corporation resulting from any merger or consolidation to which the Trustee or any successor to it shall be a party, or any corporation in any manner succeeding to all or substantially all the business of the Trustee or any successor trustee, provided such corporation shall be a bank or a trust company doing business in the Borough of Manhattan, City and State of New York, and shall have a capital and surplus aggregating at least $100,000,000, shall be the successor trustee hereunder without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 7.12. Notwithstanding any provision of this Agreement, any moneys paid to the Trustee which are applicable to the payment of the principal of or interest on any Trust Certificates which remain unclaimed for five years after the day when such moneys were due and payable shall then be repaid to the Company upon Request, and the holders of such Trust Certificates shall thereafter be entitled to look only to the Company for payment thereof and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however,* that before the repayment of such moneys to the Company as aforesaid,

the Trustee may first publish a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Trust Certificates so payable and not presented and in respect of the provisions hereof relating to the repayment to the Company of the moneys held for the payment thereof.

SECTION 7.13. If at any time or times it shall be necessary or prudent in order to conform to any law of any jurisdiction in which the Trust Equipment or any thereof is located, or the Trustee being advised by counsel shall determine that it is so necessary or prudent in the interest of the holders of the Trust Certificates, the Trustee and the Company shall execute and deliver all instruments and agreements necessary or proper to constitute another bank or trust company or one or more persons approved by the Trustee and the Company, either to act as co-trustee or co-trustees, jointly with the Trustee, or to act as separate trustee or trustees hereunder (any such co-trustee or separate trustee being herein sometimes referred to as an additional trustee). In the event the Company shall have not joined in the execution of such instruments and agreements within ten days after the receipt of a written request from the Trustee so to do, or in case an event of default shall happen and be continuing, the Trustee may act under the foregoing provisions of this Section 7.13 without the concurrence of the Company; and the Company hereby appoints the Trustee its agent and attorney to act for it under the foregoing provisions of this Section 7.13 in either of such contingencies. The holders of a majority in aggregate principal amount of the Trust Certificates at any time outstanding may at any time remove the Trustee and appoint a successor trustee.

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

(1) the Trust Certificates shall be executed and delivered, and all powers, duties, obligations and rights conferred upon the Trustee in respect of the custody, control and management of moneys, papers or securities shall be exercised, solely by the corporation designated as Trustee in the first paragraph of this Agreement, or its successors as Trustee hereunder;

(2) all other rights, powers, duties and obligations conferred or imposed upon the Trustee shall be conferred or imposed upon and

exercised or performed by the corporation designated as Trustee in the first paragraph of this Agreement or its successor as Trustee, and such additional trustee or trustees jointly, except to the extent that under any law of any jurisdiction in which any particular act or acts are to be performed, the Trustee shall be incompetent or unqualified to perform such act or acts, in which event other such rights, powers, duties and obligations shall be exercised and performed by such additional trustee or trustees;

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

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

(5) the Company and the Trustee, at any time, by an instrument in writing, executed by them jointly, may remove any such additional trustee. In the event that the Company shall not have joined in the execution of any such instrument within ten days after the receipt of a written request from the Trustee so to do, the Trustee shall have the power to remove any such additional trustee without the concurrence of the Company; the Company hereby appointing the Trustee its agent and attorney to act for it in such connection in such contingency.

ARTICLE VIII

MISCELLANEOUS

SECTION 8.1. Any request or other instrument provided by this Agreement to be signed or executed by holders of Trust Certificates may be in any number of concurrent instruments of similar tenor, and may be executed by such holders in person or by an agent or attorney appointed by an instrument in writing. Proof of the execution of any such request or other instrument, or of a writing appointing any such agent or attorney, or of the holding by any person of Trust Certificates, shall be sufficient for any purpose hereof and shall be conclusive in favor of the Trustee with regard to any action taken by the Trustee under such request or other instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such request or of any other instrument in writing may be proved by the

affidavit of a witness to such execution, or by the certificate of any notary public or of any other officer authorized to take acknowledgments of deeds to be recorded in the state or province where the acknowledgment may be taken, certifying that the person signing such request or other instrument acknowledged to him the execution thereof.

(b) The ownership of the Trust Certificates shall be determined by the registry books to be kept as provided in Section 7.3 hereof.

SECTION 8.2. Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefit of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 8.3. Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Company to the full extent permitted by law.

Except as otherwise provided in this Agreement, the Company, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind or the right to any hearing prior to sale, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Trustee's rights under this Agreement and any and all rights of redemption.

SECTION 8.4. All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if per-

sonally delivered or mailed by registered mail (a) to the Company, to 910 Peel Street, Montreal, Quebec H3C 3E4, or at such other address as may hereafter be furnished to the Trustee in writing by the Company and (b) to the Trustee, to 2 Wall Street, New York City, New York 10005, Attention: Vice President, or at such other address as may hereafter be furnished to the Company in writing by the Trustee. An affidavit by any person representing or acting on behalf of the Company or the Trustee, as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 8.5. By its execution and delivery of this Agreement, the Company irrevocably designates and appoints the Trustee as the Company's authorized agent upon which process may be served in any suit or proceeding arising out of or relating to the Trust Certificates, the guaranty of the Company endorsed thereon and/or this Agreement and agrees that service of process upon the Trustee, and written notice of said service to the Company in the manner provided in Section 8.4, shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. The Company further agrees to take any and all action, including the execution and filing of any and all such documents and instruments, as may be necessary to continue such designation and appointment of the Trustee in full force and effect so long as any of the Trust Certificates shall be outstanding.

By its execution and delivery of this Agreement, the Trustee agrees to act as the Company's authorized agent upon which process may be served in any such suit or proceeding and to give written notice of said service to the Company in the manner provided in Section 8.4.

SECTION 8.6. This Agreement has been executed in several counterparts, each of which shall be deemed to be an original, and all such counterparts shall together constitute but one and the same instrument.

SECTION 8.7. Any provision of this Agreement may be amended, by an instrument executed by the parties hereto, with the written consent of the holders of not less than 66⅔% of the aggregate unpaid principal amount of the Trust Certificates then outstanding; *provided, however,* that no such amendment shall (a) reduce the amount of principal,

change the amount or dates of payment of instalments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holder of each Trust Certificate so affected, (b) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust, otherwise than as expressly permitted by the present terms of this Agreement, without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, or (c) reduce the percentage of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver.

SECTION 8.8. This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 8.9. The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of New York.

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

BANK OF MONTREAL TRUST COMPANY,
Trustee,

By .....
Vice President

[SEAL]
ATTEST: .....
Trust Officer

CANADIAN PACIFIC LIMITED,

By .....

[SEAL] By .....

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

On this 14th day of January, 1977 before me personally appeared Z. G. KLODNICKI, to me personally known, who, being by me duly sworn, says that he is a VICE PRESIDENT of BANK OF MONTREAL TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

Notary Public

VITO A. GENTILE JR.
Notary Public, State of New York
No. 31-1403413
Qualified in New York County
Commission Expires March 30, 1977

[SEAL]

My Commission expires

PROVINCE OF QUEBEC
CITY OF MONTREAL } SS.:

On this 15th day of January, 1977 before me personally appeared ROBERT P. CHURCH, to me personally known, who, being by me duly sworn, says that he is an ASSISTANT SECRETARY of CANADIAN PACIFIC LIMITED, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Commissioner for Oaths

[SEAL]

~~My Commission expires~~

Commissioner for Oaths
for the District of Montreal
Province of Quebec

SCHEDULE A

Description of Equipment	Quantity	Company Road Numbers (inclusive)
50′6″ 70-ton box cars	135	CPI85500-CPI85634
3,800 cubic foot 100-ton steel covered hopper cars	150	CPI383850-CPI383999
81′4″ 100-ton container flat cars	200	CP521050-CP521249
54′4″ 100-ton piggyback flat cars	300	CP504350-CP504649
40 cubic yard 70-ton air dump cars	54	CP455300-CP455353
SD-40-2 3,000 H.P. locomotives .	20	5758-5777
30,000 U. S. gallon 100-ton jumbo tank cars	20	CP400000-CP400019
89′4″ 54-ton tri-level flat cars with auto racks	207	CP550418-CP550617 CP550900-CP550906