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888 16TH STREET, N.W.
WASHINGTON, D.C. 20006-4103
202-296-8600

January 12, 1989

INTERSTATE COMMERCE COMMISSION

No. 9-013A010

Date JAN 13 1989

Fee \$ 13.00

ICC Washington, D.C.

VIA FEDERAL EXPRESS

Ms. Noreta R. McGee
Secretary
Interstate Commerce Commission
12th Street & Constitution Avenue, N.W.
Washington, D.C. 20423

Dear Ms. McGee:

Enclosed for recordation pursuant to the provisions of 49 U.S.C. Section 11303(a) are one original executed copy and three photostatic copies of a Secured Credit Agreement, dated as of December 28, 1988 between The Oxford Group, Inc., as Borrower, and Irving Trust Company, as Lender (the "Secured Credit Agreement"), which Secured Credit Agreement is a primary document as defined in the Commission's Rules for the Recordation of Documents.

The names and addresses of the parties to the enclosed document are:

Borrower: The Oxford Group, Inc.
c/o McLachlan and Rissman
54 W. Hubbard Street
Suite 204
Chicago, IL 60610

Lender: Irving Trust Company
One Wall Street
New York, NY 10015

JAN 13 11 30 AM '89

A description of the railroad equipment covered by the enclosed document is set forth in Schedule 1 to the Secured Credit Agreement.

Noreta R. McGee
January 12, 1989
Page 2

Also enclosed is a check in the amount of \$13.00 payable to the order of the Interstate Commerce Commission covering the required recordation fee.

Kindly return the stamped original executed copy and two stamped photostatic copies of the enclosed document and a stamped photostatic copy of this letter to T. Stephen Dyer, Ross & Hardies, 150 N. Michigan Avenue, Chicago, Illinois 60601.

Following is a short summary of the enclosed document:

Secured Credit Agreement, dated as of December 28, 1988, between Irving Trust Company and The Oxford Group, Inc. with respect to the railroad equipment described in Schedule 1 thereto.

Please feel free to call me (collect, if necessary) at the above address with any questions which you may have concerning the above.

Very truly yours,


T. Stephen Dyer

TSD/gh
Enclosure

Interstate Commerce Commission
Washington, D.C. 20423

1/13/89

OFFICE OF THE SECRETARY

Susan G. Lichtenfeld
Ross & Hardies
150 North Michigan Avenue
Chicago, Illinois 60601

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 1/13/89 at 11:45pm, and assigned recordation number(s). 16164

Sincerely yours,

Nesta R. McGee

Secretary

Enclosure(s)

conformed photocopy

1 6164
RECORDATION NO. FILE NO.

JAN 10 1989 - 11 40 AM

INTERSTATE COMMERCE COMMISSION

SECURED CREDIT AGREEMENT

between

THE OXFORD GROUP, INC.

and

IRVING TRUST COMPANY

Dated as of December 28, 1988

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SECURED CREDIT AGREEMENT

This SECURED CREDIT and LOAN AGREEMENT is dated as of the 28th day of December, 1988, by and between THE OXFORD GROUP, INC., an Illinois corporation (the "Borrower"), and IRVING TRUST COMPANY (the "Bank") (with certain terms used herein being defined in Article 10):

WHEREAS, Borrower has acquired fourteen (14) units of EMD SD 40 locomotives (the "SD 40 Locomotives") nine (9) units of EMD SD 45 locomotives (the "SD 45 Locomotives") five (5) SDL 39 locomotives (the "SDL 39 Locomotives") and eight (8) SW 1500 switchers (the "Switchers," with the SD 40 Locomotives, the SD 45 Locomotives, the SDL 39 Locomotives and the Switchers referred to collectively as the "Units," with each of the Units individually referred to as a "Unit" and with all of the Units specifically described in Schedule 1 hereto), all of which have been or are to be rehabilitated by the Borrower, and with (i) the SD 40 Locomotives to be leased to Union Pacific Railroad Company/Missouri Pacific Railroad Company (the "Lessee") pursuant to an SD 40 Locomotive Lease Agreement, dated as of December 15, 1988, between the Lessee and the Borrower (the "SD 40 Lease"), (ii) the SD 45 Locomotives to be leased to the Lessee pursuant to an SD 45 Locomotive Lease Agreement, dated as of December 15, 1988, between the Lessee and the Borrower (the "SD 45 Lease"), (iii) the SDL 39 Locomotives six of the Switchers to be leased to WCL Railcars, Inc. ("Railcars") pursuant to a Locomotive Lease Agreement (the "SDL 39/Switcher Lease"), dated as of January 1, 1989, between Railcars and the Borrower, and (iv) the remaining two Switchers to be held by the Borrower for later sale;

WHEREAS, Borrower has requested the Bank to extend a credit facility to Borrower, on the terms and conditions set forth herein, in an aggregate principal amount not to exceed at any one time outstanding \$5,600,000 (which amount, or such lesser amount as may be available from time to time hereunder, is hereinafter referred to as the "Credit" or the "Commitment"), such extension of credit to be evidenced by a Credit Note from the Borrower to the Bank in the form attached hereto as Exhibit A; and

WHEREAS, the Bank is willing to extend the Credit to the Borrower subject and pursuant to the terms and conditions of this Agreement;

WHEREAS, the Bank proposes to secure the Credit by Borrower's grant to the Bank of a security interest in the Collateral (as hereinafter defined), all proceeds from the sale of the Collateral, and all after acquired property of the Borrower and an assignment of the Borrower's right, title and interest under and to a Locomotive Refurbishing Agreement, dated as of December 2, 1988

between the Borrower and Wilson Railway Corp. ("Wilson"), the SD 40 Lease, the SD 45 Lease, the SDL 39/Switcher Lease, a Bill of Sale, dated November 30, 1988, from Union Pacific Railroad Company to Borrower, and bills of sale relating to the other Units.

NOW, THEREFORE, in consideration of the foregoing and of the mutual covenants and agreements hereinafter contained, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE 1

EXTENSION OF CREDIT

Section 1.01. Extension of Credit. Subject to fulfillment of the terms and conditions specified herein, the Bank agrees to lend to Borrower from time to time under the terms and conditions of this Agreement and on the dates to be specified by Borrower by not less than one (1) Business Day of prior written notice to Lender (the first such date being hereinafter referred to as the "Initial Closing Date" and any such succeeding date being hereinafter referred to as a "Funding Date") up to an amount not exceeding in the aggregate at any one time outstanding \$5,600,000 less the aggregate amount of all Monthly Commitment Reductions. On the Initial Closing Date, Borrower shall execute and deliver to the Bank, to evidence the loans permitted to be made to Borrower on such date and advances to be made in the future, its promissory note (the "Credit Note") in substantially the form attached hereto as Exhibit A. The loans and advances evidenced by the Credit Note shall be repayable on such dates and at such rate of interest as are set forth hereinbelow.

Disbursements and repayments of the Credit shall be evidenced by endorsement on the Credit Note. The Bank, through its officers and employees, is authorized to endorse all disbursements and repayments of the Credit on the Credit Note and such endorsements, together with evidence of the corresponding credit or charge to the account of the Borrower maintained at the Bank, shall be conclusive evidence of the from time to time outstanding principal balance of the Credit.

Section 1.02. Calculation of Interest.

(a) Rate. The Credit Note shall bear interest, on the unpaid principal amount outstanding from time to time thereunder prior to maturity, at a rate per annum equal to one percent (1%) in excess of the Base Rate, said interest rate to change simultaneously with each change in the Base Rate. On any overdue payment or after maturity, the Credit Note shall bear interest at a rate of interest per annum equal to the Post-Default Rate. All amounts funded under the Credit shall be disbursed by the Bank in

Dollars in funds immediately available to the Borrower by credit to an account of the Borrower at the Bank's Office or by payment pursuant to a disbursement direction letter given to the Bank by the Borrower. If all or any part of the loans made pursuant to this Agreement are not paid when due (whether at maturity, or by reason of a prepayment made by Borrower hereunder or acceleration or otherwise), such unpaid amount shall bear interest for each day during the period from the date such amount became so due until the date it shall be paid in full (whether before or after judgment), at a rate per annum equal to the Post-Default Rate.

(b) Payment. Interest shall be payable monthly on the first day of each month beginning on February 1, 1989 and when any principal amount outstanding under the Credit shall be due (whether at maturity, by reason of prepayment or acceleration by reason of monthly commitment reduction or otherwise) but only to the extent then accrued. Interest at the Post-Default Rate shall be payable on demand. Interest shall be payable for the day of any advance but not for the day of any payment on the amount paid if payment is received prior to noon (local time at the place of payment).

(c) Maximum Interest Rate. Nothing contained in this Agreement or the Credit Note shall require the Borrower to pay interest at a rate exceeding the maximum rate permitted by Applicable Law. If interest payable to the Bank on any date would exceed the maximum permissible amount, it shall be automatically reduced to such amount, and interest for any subsequent period, to the extent less than that permitted by Applicable Law, shall, to that extent, be increased by the amount of such reduction.

(d) Calculation of Interest. Interest accruals on the Credit shall be calculated on the aggregate principal balance outstanding from time to time on the basis of the actual number of days elapsed over a year of 360 days.

Section 1.03. Advances Respecting the Credit. No advance of the proceeds of the Credit will be made until all "Conditions Precedent to Extension of Credit" provided for in Section 2.01 of this Agreement are satisfied.

Subsequent to the date of the initial disbursement, disbursements regarding the Credit may be made at any time and from time to time, subject to the availability of funds under the Credit, as permitted in this Agreement.

Section 1.04. Facility Fee. In addition to all other amounts payable by the Borrower under this Agreement or the Credit Note, Borrower shall pay the Bank on or before the date hereof, a non-refundable facility fee of Twenty-Eight Thousand Dollars (\$28,000.00).

Section 1.05. Notice of Borrowings. The Borrower shall give the Bank notice (which shall be irrevocable) at least one (1) Business Day before the requested making of an advance under the Credit. Each such notice shall specify (i) the Advance Date of the requested advance and (ii) the amount of the requested advance.

Section 1.06. Optional Prepayments. The Borrower may at any time and from time to time, upon two (2) Business Days' notice specifying that such payment is to be a prepayment, prepay the amounts advanced under the Credit, provided that any such prepayment shall be in an aggregate principal amount of \$100,000 or any integral multiple thereof. Amounts to be prepaid shall irrevocably be due and payable on the date specified in the applicable notice of prepayment, together with interest thereon through the date of prepayment. With respect to partial prepayments, such prepayments shall be applied in the inverse order of maturity.

Section 1.07. Monthly Commitment Reductions.

Beginning on March 1, 1989, and on the first day of each month thereafter, the amount available to be borrowed under the Credit Facility shall be reduced by \$100,000 per month (the "Monthly Commitment Reductions") until no further amounts are available under the Credit. If the amount outstanding on the date of a Monthly Commitment Reduction exceeds \$5,600,000 less the aggregate of the current Monthly Commitment Reduction, all previously Monthly Commitment Reductions, all prepayments of the Credit and all amounts paid pursuant to Section 1.11 hereof, the Borrower shall repay an amount to the Bank sufficient to reduce the amount outstanding under the Credit to an amount equal to \$5,600,000 less the aggregate of the current Monthly Commitment Reduction, all previous Monthly Commitment Reductions, all prepayments of the Credit and all amounts paid pursuant to Section 1.11 hereof.

Section 1.08. Manner of Payment. All payments due to the Bank hereunder shall be made to the Bank at the Bank's Office on the due date thereof, in lawful money of the United States of America in funds immediately available to the Bank at the Bank's Office, without any deduction whatsoever, including but not limited to any deduction for any set-off, recoupment, counterclaim or Tax. The Borrower hereby authorizes the Bank, if and to the extent payment due the Bank hereunder is not otherwise made when due, to charge any amount so due against any or all of the accounts of the Borrower with the Bank, with the Borrower remaining liable for any deficiency. Whenever any payment to the Bank hereunder shall be due on a day which is not a Business Day, the date of payment thereof shall be extended to the next succeeding Business Day.

Section 1.09. Evidence of Indebtedness. The Loans and the Borrower's obligation to repay the Loans with interest in accordance with the terms of this Agreement shall be evidenced by

this Agreement, the records of the Bank and Credit Note substantially in the form of Exhibit A attached hereto.

Section 1.10. Commitment Fee; Voluntary Reduction of Commitments. The Borrower shall pay to the Bank a commitment fee on the daily unused amount of the Commitment for each day from the Initial Funding Date through the Commitment Termination Date at a rate per annum of one-half percent (0.50%) calculated on the basis of actual days elapsed over a year of 360 days, payable monthly in arrears on the first Business Day of each month beginning on February 1, 1989 and on the Commitment Termination Date and on the date of any voluntary reduction of the Commitment pursuant to the terms of this Section (to the extent accrued and unpaid on the amount of the reduction). The Borrower may irrevocably reduce the Commitment by giving the Bank not less than five (5) Business Days' prior notice thereof, except that no partial reduction shall be in an amount less than \$100,000.

Section 1.11. Cash Sweep: Prepayments Due to Excess Cash Flow. Beginning on May 1, 1989 on a monthly basis on the date of the Monthly Commitment Reduction, the Borrower will pay to the Bank an amount equal to ninety percent (90%) of the Excess Cash Flow for the month most recently ended for which monthly financial statements are available, which amount will be used to prepay the Credit and which amounts will be applied to the Credit in the manner set forth in Section 1.06 with respect to optional prepayments. Notwithstanding the foregoing, the Borrower shall not be required to make prepayments under this Section 1.11 to the extent that such prepayments would cause the Borrower to have available to it cash or cash equivalent investments of less than \$75,000 in the aggregate.

Section 1.12. No Reborrowing. No amounts borrowed hereunder which are prepaid by the Borrower prior to the Commitment Termination Date, including without limitation amounts prepaid under Sections 1.06 and 1.11 hereof, or repaid as part of a Monthly Commitment Reduction may be reborrowed.

ARTICLE 2

CONDITIONS TO ADVANCES UNDER THE CREDIT

Section 2.01. Conditions Precedent to Extension of Credit. The availability of the Credit shall be subject to receipt by the Bank of each of the following, in form and substance, and in the case of (a), (b) and (c) certified in a manner, satisfactory to the Bank:

(a) a certificate of the Secretary or an Assistant Secretary of the Borrower substantially in the form of Schedule 2.01(a) with respect to the officers of the Borrower authorized to execute and deliver this Agreement and the other Loan Documents, to

which shall be attached copies of the resolutions and by-laws referred to in such certificate;

(b) a copy of the Articles of Incorporation of the Borrower, certified by the Secretary of State of Illinois;

(c) a good standing certificate with respect to the Borrower, issued as of a recent date by the Secretary of State of Illinois;

(d) an executed counterpart of this Agreement;

(e) an executed Credit Note in the maximum principal amount of \$5,600,000 and in substantially the form of Exhibit A hereto;

(f) an executed Bill of Sale, dated November 30, 1988 from Union Pacific Railroad Company to the Borrower, conveying six of the SD 40 Locomotives to the Borrower;

(g) executed Bills of Sale evidencing the conveyance of the remainder of Units, except for eight of the fourteen SD 40 Locomotives to be purchased from Union Pacific Railroad Company, to the Borrower;

(h) an executed original of the Locomotive Refurbishing Agreement, dated as of December 2, 1988, between Borrower and Wilson (the "Refurbishment Agreement");

(i) an executed original of the SD 40 Lease;

(j) an executed original of the SD 45 Lease;

(k) an executed original of the SDL 39/Switcher Lease;

(l) an executed Acknowledgement of Notice and Assignment, dated December 29, 1988, from Railcars with respect to the SDL 39/Switcher Lease, in form acceptable to the Bank;

(m) an Acknowledgement of Notice and Assignment, dated as of December 29, 1988, from Wilson in form acceptable to the Bank;

(n) copies of the insurance policies of the Borrower (or insurance certificates or binders therefor);

(o) the Guaranty, dated December 28, 1988, executed by Donald J. McLachlan;

(p) the Guaranty, dated December 28, 1988, executed by Edward A. Burkhardt;

(q) the Guaranty, dated December 28, 1988, executed by Roland V. McPherson;

(r) a signed opinion of counsel to the Borrower dated the dated hereof, substantially in the form of Schedule 2.01(r);

(s) copies of appropriate financing statements on Form UCC-1, duly executed by the Borrower and duly filed in such office or offices as may be necessary or, in the opinion of the Bank, desirable to perfect the security interest granted hereunder;

(t) evidence that an equity contribution of \$750,000 has been made by the shareholders of the Borrower;

(u) evidence of filing of this Agreement with the ICC pursuant to 49 U.S.C. §11303, together with a search request or an opinion of counsel indicating that Lender's security interest in the Locomotives is a valid first priority interest;

(v) copies of lien search reports and tax lien and judgment search reports relating to liens and judgments filed against the Borrower in such jurisdictions as the Bank may request;

(w) (i) evidence that the Borrower has adequate liability, casualty and hazard insurance coverage, including casualty insurance coverage in an amount at least equal to the fair market value of the Units and (ii) loss payable endorsements satisfactory to the Bank and in favor of the Bank with respect to all property insurance;

(x) current financial statements and/or other information as required by the Lender concerning the financial condition of the Borrower and the Guarantors;

(y) all legal matters, including, without limitation, all documentation, incident to the transactions contemplated by this Agreement shall be reasonably satisfactory to Ross & Hardies, counsel for the Bank.

Section 2.02. Conditions Precedent to Subsequent Advances. The obligation of the Bank to make any additional advances, up to the maximum amount permitted to be advanced hereunder at any time, shall be and is subject to the satisfaction of each of the following conditions to the satisfaction, in form and substance, of the Bank and its counsel:

(a) all of the Representations and Warranties shall be true and correct at and as of the time of the making of any advance with and without giving effect to such advances (and the application of the proceeds thereof);

(b) no Default shall have occurred and be continuing at such time or after giving effect to the advances to be made;

(c) no event of default or event, which but for the lapse of time or the giving of notice or both would constitute an event of default, shall have occurred and be continuing under any Pledged Lease;

(d) receipt by the Bank of such materials as the Bank may have requested pursuant to Section 5.05(b);

(e) if requested by the Bank, receipt by the Bank of each of the following, in form and substance satisfactory to the Bank:

(1) evidence of filing of this Agreement and the Pledged Leases with the ICC pursuant to 49 U.S.C. § 11303;

(2) if such Loan is used to finance Units which may be moved to Canada for any period of time, evidence of the filing of such documents as the Bank may request in such Canadian federal and provincial offices as the Bank may request, together with such opinions of Canadian counsel as the Bank may request;

(3) if requested by the Bank, reports of lien searches conducted at the ICC with respect to liens against the Units;

(f) the Representations and Warranties of the Borrower and the lessees contained in the Pledged Leases, and in the Acknowledgments relating to each Pledged Lease shall be true and correct on and as of the date of the advance, with the same effect as though made on and as of such date, and on such date there shall be no default under the Pledged Leases, or the occurrence of any event which, but for the lapse of time or the giving of notice, or both, would constitute an event of default, and, if requested by the Bank, the Bank shall have received from the Lessee a certificate to such effect dated as of the relevant Advance Date;

(g) such Loan will not contravene any Applicable Law with respect to the Bank;

(h) receipt by the Bank of evidence of the insurance coverage, if any, required to be maintained pursuant to Section 4.03 and 4.04 hereof, together with an assignment thereof to the Bank;

(i) receipt by the Bank of a certificate and request stating the general purpose for the advance requested by the Borrower, signed by an authorized officer of the Borrower and directed to the Bank to the effect that

(A) the amounts requested are for purposes set forth in this Credit Agreement and are not for the payment of costs for which advances have been previously requested;

(B) the aggregate principal amount previously borrowed by the Borrower under this Secured Credit Agreement, when added to the amount requested by the Certificate and Request, does not exceed the maximum amount permitted to be advanced hereunder;

(C) a Default does not exist with respect to any of the Borrower's obligations under the Credit Note or the Secured Credit Agreement, nor has any event occurred, which, but for the lapse of time or the giving of notice, or both, would constitute such a Default; and

(D) there has been no material adverse change in the business or condition of the Borrower, financial or otherwise, since the next preceding advance under the Credit;

(j) if the advance is to be used to purchase the remaining SD 40 Locomotives from Union Pacific Railroad Company, receipt by the Bank of a Bill of Sale in form and substance acceptable to the Bank and conveying the remaining SD 40 Locomotives to the Borrower;

(k) if requested by the Bank, receipt by the Bank of waivers of any mechanics' or materialmen's liens with respect to materials provided or work performed in connection with amounts being requested hereunder;

(l) if the advance is requested on or after February 1, 1989, receipt by the Bank of the items described in Section 2.03 hereof;

(m) on or prior to the funding of any subsequent advance pursuant to this Section 2.02, the Bank shall also have received such other approvals, certificates, agreements or other documents as the Bank may reasonably request;

(n) the Bank shall have received such evidence of fulfillment of the foregoing conditions of this Section 2.02 including, without limitation, certificates of officers of the Borrower, public officials and others, as the Bank or its counsel may reasonably require to establish to their satisfaction the fulfillment of such conditions; and

(o) the Bank's obligation to make the loan (i) shall not be prohibited by any applicable law or governmental regulation, including, without limitation, Regulation G, T, U or X of the Board of Governors of the Federal Reserve System, (ii) shall not subject the Bank to any penalty or, in its reasonable judgment, other onerous conditions under or pursuant to any applicable law governmental regulation, and (iii) shall be permitted by the laws and regulations of the jurisdictions to which the Bank is subject; and if requested by the Bank, the Borrower shall have delivered to the Bank factual certificates or other evidence reasonably available to the Borrower, in form and substance satisfactory to the Bank, to enable the Bank to establish compliance with this condition, to the extent such compliance relates to the nature, condition, action, or inaction of the Borrower.

The provision to the Bank of each notice of borrowing hereunder shall constitute a Representation and Warranty by Borrower made as of the time of the making of the requested Loan, that the conditions specified in subsections 2.02(a) and (b) have been fulfilled as of such time, unless a notice to the contrary specifically captioned "Disclosure Statement" is received by the Bank from the Borrower prior to 5:00 p.m., New York City time, on the Business Day preceding the date of the requested borrowing.

Section 2.03 Certain Additional Undertakings of the Borrower. On or before February 1, 1989, the Borrower shall:

(a) cause a Pledge Agreement, in form and substance acceptable to the Bank, to be executed by the shareholders of the Borrower, pursuant to which they pledge their stock holdings in the Borrower to the Bank as collateral for the advances made to the Borrower hereunder, and

(b) cause an Acknowledgment of Notice and Assignment, in substantially the form of Exhibit C hereto, to be executed and delivered by Union Pacific Railroad Company to the Bank.

Section 2.04 Termination of Guaranties. The Guaranties executed by the Guarantors in connection with this Agreement shall terminate at such time as the ratio of total liabilities of the Borrower to total net worth of the Borrower, as determined in a manner and as demonstrated with evidence reasonably acceptable to the Bank, is 1 to 1 as of the end of any fiscal quarter.

ARTICLE 3

CERTAIN REPRESENTATIONS AND WARRANTIES OF THE BORROWER

In order to induce the Bank to enter into this Agreement and to make each Loan, the Borrower represents and warrants as follows:

Section 3.01. Organization; Power; Qualification; Subsidiaries. The Borrower is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has the corporate power and authority to own its properties and to carry on its business as now being and hereafter proposed to be conducted and is duly qualified and is in good standing as a foreign corporation, and authorized to do business, in all jurisdictions in which the character of its properties or the nature of its businesses requires such qualification or authorization, except for qualifications and authorizations the lack of which, singly or in the aggregate, have not had and will not have a Materially Adverse Effect upon the Borrower.

Section 3.02. Authorization of and Compliance with Agreement, Other Loan Documents and Borrowing. The Borrower has the corporate power, and has taken all necessary corporate (including stockholder, if necessary) action to authorize it to execute, deliver and perform this Agreement, the other Loan Documents and the Pledged Leases in accordance with their respective terms and to borrow hereunder in the amount of the initial funding and in the unused amounts of the Commitment. This Agreement, the other Loan Documents, and each Pledged Lease has been duly executed and constitute legal, valid and binding obligations of the Borrower. The execution, delivery and performance of this Agreement, the other Loan Documents and each Pledged Lease in accordance with their respective terms, and each borrowing hereunder, do not and will not (i) require (a) any consent or approval of the stockholders of the Borrower or (b) any Governmental Approval that has not been obtained and is not listed on, and a copy (certified in the case of Governmental Approvals) of which is not attached to, Schedule 3.02; (ii) violate or conflict with, result in a breach of, or constitute a default under, (a) any Contract to which the Borrower is a party or by which the Borrower or its properties may be bound or (b) any Applicable Law, the failure to comply with which would have a Materially Adverse Effect upon the Borrower or upon its assets or (iii) result in or require the creation of any Lien upon any assets of the Borrower other than Permitted Liens.

Section 3.03. Litigation. Except as set forth in Schedule 3.03, there are not, in any court or before any arbitrator of any kind or before or by any governmental or nongovernmental body, any actions, suits or proceedings pending with respect to which there is a reasonable possibility of an adverse decision, or, to the knowledge of the Borrower, threatened (nor, to the knowledge of the Borrower, is there any basis therefor probable of assertion) against or in any other way relating to or affecting (i) the Borrower or the business or any property of the Borrower, except actions, suits or proceedings that, if adversely determined, would not, singly or in the aggregate, have a Materially Adverse Effect on the condition, financial or other, of Borrower, or (ii) this Agreement, any of the other Loan Documents or any Pledged Lease.

Section 3.04. Burdensome Provisions. To the best of the Borrower's knowledge and belief, the Borrower is not a party to or bound by any Contract or Applicable Law that could have a Materially Adverse Effect on the Borrower.

Section 3.05. No Adverse Change. Since the date of incorporation of the Borrower, no material adverse change in the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower has occurred, and no event has occurred or failed to occur, which has had or may have, either alone or in conjunction with any other such event or failure, a Materially Adverse Effect on the Borrower or on this Agreement or on the other Loan Documents.

Section 3.06. No Adverse Fact. No fact or circumstance is known to the Borrower, which, either alone or in conjunction with all other such facts and circumstances, has had or might in the future have (so far as the Borrower can foresee) a Materially Adverse Effect upon the Borrower or on this Agreement or on the other Loan Documents. If Borrower discloses a fact or circumstance in any of its financial statements, a Disclosure Statement or in any of the Schedules hereto which did not, at the time at which such disclosure was made, have a Materially Adverse Effect upon the Borrower, this Agreement or any of the other Loan Documents, and such fact or circumstance should subsequent to such disclosure have a Materially Adverse Effect upon the Borrower, or upon this Agreement or upon any of the other Loan Documents, such fact or circumstance shall be a Material Adverse Effect subject to Section 3.05.

Section 3.07. Assets. Except for Permitted Liens and except for liens of current taxes not yet due and payable, all of the assets to which the Borrower has taken title have been fully paid for and are free and clear of all security interests, liens, claims and encumbrances.

Section 3.08. Regulatory Approvals. All approvals, consents and dismissals of objections by governmental regulatory agencies and bodies having jurisdiction over the Borrower, necessary for the execution, delivery and performance of this Agreement, the other Loan Documents and each Pledged Lease have been obtained and remain in full force and effect.

Section 3.09. Subsidiaries. The Borrower has no Subsidiaries.

Section 3.10. Leases. With respect to each Pledged Lease which has not been terminated with respect to all of the Units covered thereunder:

(i) there are no events of default or events which with the passage of time or the provision of notice or both would constitute events of default under such Lease;

(ii) such Lease constitutes the entire agreement between the Borrower and the Lessee with respect to the lease of the Units described in such Lease;

(iii) such Lease constitutes the valid and binding obligation of the Borrower and the Lessee thereunder;

(iv) the Units leased thereunder and the rental payments due thereunder are correctly described in such Lease;

(v) none of the terms of such Lease violates any material Applicable Law;

(vi) the rental payments due under such Lease are not subject to any offset, deduction, counterclaim or lien of the Applicable Lessee;

(vii) every Unit covered by such Lease has been delivered to and accepted by the Applicable Lessee;

(viii) every Unit covered by such Lease is owned or validly leased by the Borrower, has been fully paid for or will be fully paid for immediately upon disbursement of the Loan made to finance the acquisition of such Unit and is free and clear of all security interests, liens, claims and encumbrances except for those created under this Agreement and except for Permitted Liens and

(ix) every Unit covered by such Lease is in good condition and repair and is adequate for the uses to which it is being put.

ARTICLE 4

COVENANTS

The Borrower covenants and agrees that so long as any Obligations remain outstanding,

A. The Borrower shall:

Section 4.01. Preservation of Existence and Properties, Scope of Business, Compliance with Law, Payment of Taxes and Claims. (a) Preserve and maintain its corporate existence and all of its other material franchises, licenses, rights and privileges, the absence of which would have a material and adverse effect on the financial condition or business operations of the Borrower or on the value or use of the Borrower's assets, (b) preserve, protect and maintain all Patents, and preserve and maintain in good repair, working order and condition all other properties, required for the conduct of its business, (c) engage only in businesses in substantially the same fields as the businesses conducted on the date

hereof and in other fields of business commonly related to the railroad industry, (d) comply with all Applicable Laws, and (e) pay or discharge when due all Taxes and all claims which might become a Lien on any properties of the Borrower except for any such Taxes and claims which the Borrower is contesting in good faith, by appropriate proceedings and with respect to which the Borrower has established adequate reserves in accordance with Generally Accepted Accounting Principles; provided, that this Section 4.01 [other than clause (a), insofar as it requires the Borrower to preserve its corporate existence], shall not apply in any circumstance where noncompliance therewith, together with all other non-compliances, will not have a Materially Adverse Effect on the Borrower.

Section 4.02. Accounting Methods and Financial Records. Maintain a system of accounting, and keep such books, records and accounts (which shall be true and complete), as may be required or necessary to permit the preparation of financial statements in accordance with Generally Accepted Accounting Principles, to calculate locomotive and railcar losses, per diem charges and other charges in accordance with the rules of the Association of American Railroads, and to determine the duration of any period during which each Unit is outside the United States.

Section 4.03. Liability and Casualty Insurance. Maintain at its expense, or cause the Lessees to maintain at their expense, insurance (including liability, casualty and hazard insurance) with responsible insurance companies against such risks and in such amounts as is customarily maintained by companies engaged in similar businesses and owning similar properties, as may be required by Applicable Law or as may be reasonably requested by the Bank (and, in the case of property insurance, under policies of insurance naming the Bank as mortgagee or loss payee), provided that the Borrower shall in any event maintain or cause the Lessees to maintain casualty insurance coverage in an amount at least equal to the fair market value of the Units.

Section 4.04. Fixed Charge Coverage. Maintain at all times during which this Agreement is in effect, a fixed charge ratio of not less than 1.25 to 1, determined by (a) using as the numerator, the amount of net income of the Borrower and adding to such amount the allowances made for depreciation and amortization, all payments for interest expense and all operating lease payments and subtracting from such amount the amount of all distributions, and (b) using as the denominator, the amount of interest expense plus the amount of operating lease payments and scheduled Debt amortization. Within 30 days of the end of each quarter, the Borrower shall provide the Bank on a quarterly basis with a certificate calculating the fixed charge ratio beginning at the end of the quarter ending March 31, 1989.

Section 4.05. Visits and Inspections. Permit representatives (whether or not officers or employees) of the Bank, from time

to time, as often as may be reasonably requested, but only during normal business hours, to (a) visit and inspect any properties of the Borrower, (b) inspect and make extracts from its books and records, including but not limited to management letters prepared by the Borrower's independent accountants, and (c) discuss with its principal officers, and its independent accountants, its respective businesses, assets, liabilities, financial conditions, results of operations and business prospects.

Section 4.06. Use of Proceeds. Use the proceeds of the amounts advanced hereunder only for financing or refinancing the acquisition and refurbishing of the Units. None of the proceeds of any of the Loans shall be used to purchase or carry, or to reduce or retire or refinance any credit incurred to purchase or carry, any margin stock (within the meaning of Regulations U and X of the Board of Governors of the Federal Reserve System) or to extend credit to others for the purpose of purchasing or carrying any margin stock. If requested by the Bank, the Borrower will furnish to the Bank statements in conformity with the requirements of Federal Reserve Form U-1 referred to in Regulation U.

Section 4.07. Environmental Laws. Conduct its business so as to comply in all material respects with all applicable environmental, health and safety laws and regulations in all jurisdictions in which it is or may at any time be doing business, including, without limitation, the federal Resource Conservation and Recovery Act, the federal Comprehensive Environmental Response, Compensation and Liability Act, the federal Toxic Substances Control Act, the federal Water Pollution Control Act (commonly known as the federal Clean Water Act), the federal Clean Air Act and the federal Occupational Safety and Health Act, including any amendments of each and reauthorizations of each.

Section 4.08. Plans. Keep in full force and effect any and all Plans unless such Plans can be terminated without material liability to the Borrower in connection with such termination (as distinguished from any continuing funding obligation), make contributions to all Plans in a timely manner and in a sufficient amount to comply with the requirements of ERISA, comply with all material requirements of ERISA which relate to the Plans and notify the Bank immediately upon receipt by the Borrower of any notice of the institution of any proceeding or other action which may result in the termination of any Plans.

Section 4.09. Amendments to Documents. Subject to the provisions of Section 4.20 hereof, provide the Bank promptly after the execution thereof with copies of any amendments to any of the Pledged Leases.

Section 4.10. Repossession of Units. Immediately upon the request of the Bank, exercise any rights it may have to repossess Units covered by Pledged Leases pursuant to Section 1168 of Title 11 of the United States Code or any successor statute.

Section 4.11. Minimum Net Worth. Maintain, at all times during which this Agreement is in effect, a minimum net worth, determined in accordance with Generally Accepted Accounting Principles, for each semi-annual period beginning each January 1 and July 1 during which this Agreement is in effect, of not less than 90% of its net worth determined as of June 30 or December 31, as the case may be, immediately prior to such semi-annual period.

B. The Borrower shall not, without the prior written consent of the Bank, directly or indirectly:

Section 4.12. Guaranties. Become or remain liable with respect to any Guaranty of any debt or liability of any other person.

Section 4.13. Liens. Create, assume or incur, or permit or suffer to exist or to be created, assumed or incurred, any Lien upon any of its properties or assets of any character, whether now owned or hereafter acquired, or upon any income or profits therefrom, except that this Section 4.13 shall not apply to Permitted Liens.

Section 4.14. Indebtedness. Except as otherwise disclosed on Schedule 4.14 hereof, incur, create, assume, become or be liable in any manner with respect to, or permit to exist, any obligations or indebtedness, except (i) the Obligations; (ii) unsecured trade obligations and normal accruals in the ordinary course of business; or (iii) other Debt not exceeding \$50,000 at any one time outstanding while this Agreement is in effect.

Section 4.15. Merger, Consolidation and Sale of Assets. (a) Merge or consolidate with any Person or permit any Person to merge or consolidate with it, or (b) sell, lease, transfer or otherwise dispose of any assets, except that this Section 4.15(b) shall not apply to (i) sales or leases of assets in the ordinary course of business or (ii) any disposition of any obsolete or retired property not used or useful in its business.

Section 4.16. Transactions with Affiliates. Effect any transaction with any Affiliate on a basis less favorable to the Borrower than would be the case if such transaction had been effected with a Person not an Affiliate.

Section 4.17. Lease Assignment. Assign its rights under a Pledged Lease to any Person other than the Bank or permit any lessee under a Pledged Lease to assign its obligations to any other Person, it being understood that each Lessee may engage in inter-line sharing of Units to the extent customary in the railroad industry; provided, however, that Railcars may sublease or assign its rights under the SDL 39/Switcher Lease to Wisconsin Central Ltd. ("WCL"); provided, further that WCL, either prior to or simultaneously with such sublease or assignment, executes such documents

and instruments as the Bank may reasonably request of WCL in order to acknowledge and preserve the Bank's rights with respect to the SDL 39/Switcher Lease under this Agreement.

Section 4.18. Subsidiaries. Create, acquire or invest in any Subsidiary.

Section 4.19. Restricted Payments. Declare or make any Restricted Payment and if Default has occurred, will also not declare or make distributions to shareholders of the Borrower in respect of federal income taxes or payments of quarterly fees to the Guarantors.

Section 4.20. Issuance of Stock. Issue any shares of common or preferred stock or any security convertible or exercisable for such stock, except that this Section 4.20 shall not apply to stock or other securities which have been duly pledged to the Bank under the Pledge Agreement.

Section 4.21. Leases. Agree to amend or modify any provision of any Pledged Lease or any bill of sale or Purchase Agreement with respect to any Units covered by such Pledged Lease.

Section 4.22. Investments. Make or permit to exist any investment in the securities of any Person, except any of the following made at a time when no Default or Event of Default has occurred and to the extent such would not otherwise result in the occurrence of an Event of Default or Default: (i) investments in short-term obligations issued by, or guaranteed by, the United States Government, (ii) negotiable certificates of deposit, time deposits, demand deposits, bankers acceptances or money market securities issued by the Bank or by any domestic national bank having capital and surplus of at least \$100,000,000 in the aggregate at all times, or (iii) investments in commercial paper rated A1 or P1 by Moody's Investors Service, Inc. or Standard & Poor's Corporation, respectively.

Section 4.23 Capital Expenditures. Except for capital expenditures made by the Borrower in respect of the initial rehabilitation of the Units (which is to be completed prior to June 30, 1989) make capital expenditures in an amount exceeding \$150,000 in any calendar year.

ARTICLE 5

INFORMATION

From the Initial Funding Date until such time as all of the Obligations have been paid in full, the Borrower shall furnish to the Bank, at the Bank's Office:

Section 5.01. Monthly Financial Statements. Within thirty (30) days after the end of each month in each fiscal year of the Borrower, balance sheets of the Borrower as at the end of such monthly period, and the related statements of income, retained earnings, changes in financial position and cash flow and for each such financial statement prepared after the end of the first fiscal year of the Borrower, also setting forth in each case in comparative form the figures for the corresponding month of the previous fiscal year, each of which shall be accompanied by a certificate of the President or Chief Financial Officer of the Borrower in the form of Schedule 5.01.

Section 5.02. Quarterly Financial Statements. Within sixty (60) days after the close of each quarterly accounting period in each fiscal year of the Borrower, balance sheets of the Borrower as at the end of such quarterly period and the related statements of income, retained earnings and changes in financial position of the Borrower for the elapsed portion of the fiscal year ended with the last day of such quarterly period and setting forth after the end of the first fiscal year of the Borrower, in each case in comparative form the figures for the corresponding quarter of the previous fiscal year, each of which shall be accompanied by a certificate of the president or chief financial officer of the Borrower in the form of Schedule 5.01.

Section 5.03. Year-End Statements; No Default Certificate. Within ninety (90) days after the end of each fiscal year of the Borrower, balance sheets of the Borrower as at the end of such fiscal year and the related statements of income, retained earnings and changes in financial position of the Borrower for such fiscal year, and, on and after the end of the second fiscal year of the Borrower, setting forth, in comparative form the figures as at the end of and for the previous fiscal year, in each case certified by independent certified public accountants of recognized standing satisfactory to the Bank, and whose certificates shall be in scope and substance satisfactory to the Bank. Together with such financial statements, the Borrower shall deliver a certificate of such accountants addressed to the Bank stating that (A) the Borrower is authorized to deliver such financial statements and their certifications thereof to the Bank pursuant to this Agreement, (B) they understand that a primary intent of the Borrower in retaining them was to obtain financial statements for the purpose of inducing the Bank to extend credit or permit credit to remain outstanding to the Borrower and, accordingly, the Bank is authorized to rely on such financial statements and (C) they have caused this Agreement to be reviewed and that, in making the examination necessary for the certification of such financial statements, nothing has come to their attention to lead them to believe that any Default exists and, in particular, they have no knowledge of any Default under the provisions of Article 7 or, if such is not the case, specifying such Default and its nature, when it occurred and whether it is continuing.

Section 5.04. Officer's Certificate. At the time the financial statements are furnished pursuant to Sections 5.01, 5.02 and 5.03, a certificate of its president or chief financial officer, in the form of Schedule 5.04.

Section 5.05. Additional Materials.

(a) Reports and Filings. (i) Promptly upon receipt thereof, copies of all reports, if any, submitted to the Borrower or its Board of Directors by its independent certified public accountants, including, without limitation, any management report and (ii) as soon as practicable, copies of all such financial statements and reports as the Borrower shall send to its stockholders and of all registration statements and all regular or periodic reports which the Borrower shall file, or may be required to file, with the Securities and Exchange Commission or any successor commission.

(b) Requested Materials. From time to time and promptly upon request of the Bank, such data, certificates, reports, statements, opinions of counsel, documents or further information regarding this Agreement, any of the other Loan Documents, the Pledged Leases, the Lessees, or Units covered by the Pledged Leases, regarding the business, assets, liabilities, financial condition, results of operations or business prospects of the Borrower as the Bank may reasonably request, in each case in form and substance and certified in a manner satisfactory to the Bank.

Section 5.06. Notice of Defaults, Litigation and Other Matters. Prompt notice of: (a) any Default; (b) any event or condition referred to in clauses (i) through and including (v) of Section 7.01(h), whether or not such event or condition shall constitute an Event of Default; (c) any default or event of default under any Pledged Lease; (d) the commencement of any actions, suits or proceedings or investigations in any court or before any arbitrator of any kind or by or before any governmental or nongovernmental body against or in any other way relating adversely to, or affecting, the Borrower or its business or properties, which, singly or in the aggregate, might have a Materially Adverse Effect on the Borrower; (e) any amendment of the articles of incorporation or by-laws of the Borrower; and (f) any event having a Materially Adverse Effect on the Borrower.

Section 5.07. Leases. Promptly, copies of all notices received or sent by it in connection with any Pledged Lease.

Section 5.08. Accuracy of Pro Forma Information.

(a) Pro Forma Information. The Borrower hereby represents and warrants to the Bank (i) that the pro forma balance sheets most recently provided to the Bank present fairly the Borrower's expected assets, liabilities and financial condition as of

the Initial Funding Date; and (ii) there are no omissions from the pro forma balance sheets or other facts or circumstances not reflected therein which are or may be material.

(b) Future Information. All data, certificates, reports, statements, opinions of counsel, documents and other information furnished to the Bank pursuant to any provisions of this Agreement or in connection with or pursuant to any amendment or modification of, or waiver under, this Agreement, shall, at the time the same are so furnished, but in the case of information dated as of a prior date, as of such date, (x) be complete and correct in all material respects to the extent necessary to give the Bank true and accurate knowledge of the subject matter thereof, (y) not contain any untrue statement of a material fact, and (z) not omit to state a material fact necessary in order to make the statements contained therein not misleading, and the furnishing of the same to the Bank shall constitute a representation and warranty by the Borrower made on the date the same are furnished to the Bank to the effect specified in clauses (x), (y) and (z).

ARTICLE 6

ACCOUNTS

Section 6.01. Account Maintenance; Lease Payments. The Borrower shall maintain an account at the Bank into which it shall cause each Lessee under a Pledged Lease to make all payments due under such Pledged Lease.

ARTICLE 7

DEFAULT

Section 7.01. Events of Default. Each of the following shall constitute an Event of Default, whatever the reason for such event and whether it shall be voluntary or involuntary, or within or without the control of the Borrower or be effected by operation of law or pursuant to any judgment or order of any court or any order, rule or regulation of any governmental or nongovernmental body:

(a) any payment of principal or interest due hereunder or under the Credit Note shall not be made when and as due (whether at maturity, by reason of notice of prepayment or acceleration or otherwise), or any payment of the Commitment Fee or the Facility Fee shall not be made within two (2) Business Days after the date when due;

(b) any Representation or Warranty shall at any time prove to have been incorrect or misleading in any material respect when made;

(c) the Borrower shall default in the performance or observance of:

(i) any term, covenant, condition or agreement contained in Section 4.01(a) (insofar as such Section requires the preservation of the corporate existence of the Borrower), Section 4.04, Section 4.06, Sections 4.11 through and including Section 4.23, or Section 5.06; or

(ii) any term, covenant, condition or agreement contained in this Agreement or any other Loan Document (other than a term, covenant, condition or agreement a default in the performance or observance of which is elsewhere in this Section specifically dealt with) and in the case of any such default which is curable by the Borrower, such default shall continue unremedied for a period of ten (10) days; provided, however, that in the event such default cannot be cured within ten (10) days, the cure period under this clause will, upon notice by the Borrower to the Bank, be extended for up to two more successive periods of ten (10) days for as long as the Borrower is making diligent efforts to remedy such default or, if earlier, until it is determined that such default cannot be cured;

(d) the Borrower shall fail to pay, in accordance with its terms and when due and payable, the principal of or interest on any Debt (other than Debt evidenced hereby or by the Credit Note) Loans or the Notes) or the maturity of any such Debt shall have been accelerated in accordance with the provisions of any Contract evidencing, providing for the creation of or concerning such Debt or any such Debt shall have been required to be prepaid prior to the stated maturity thereof or any event shall have occurred and be continuing which, with the passage of time or the giving of notice or both, would permit any holder or holders of such Debt, any trustee or agent acting on behalf of such holder or holders or any other Person so to accelerate such maturity;

(e) a default shall occur and be continuing under any Contract (other than one relating to Debt to which clause (d) of this Section 7.01 is applicable) binding upon the Borrower, except a default which together with all other such defaults has not had and will not have a Materially Adverse Effect on the Borrower;

(f) (i) The Borrower or any Guarantor shall (A) commence a voluntary case under the federal bankruptcy laws (as now or hereafter in effect), (B) file a petition seeking to take advantage of any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or composition or adjustment of debts, (C) consent to or fail to contest in a timely and appropriate manner any petition filed against it in an involuntary case under such bankruptcy laws or other laws, (D) apply for, or consent to, or fail to contest in a timely and appropriate man-

ner, the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of a substantial part of its assets, domestic or foreign, (E) admit in writing its inability to pay, or generally not be paying, its debts (other than those that are the subject of a bona fide dispute) as they become due, (F) make a general assignment for the benefit of creditors, or (G) take any corporate action for the purpose of effecting any of the foregoing; or

(ii) A case or other proceeding shall be commenced against the Borrower or any Guarantor in any court of competent jurisdiction seeking (A) relief under the federal bankruptcy laws (as now or hereafter in effect) or under any other laws, domestic or foreign, relating to bankruptcy, insolvency, reorganization, winding up or adjustment of debts, or (B) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of any Guarantor; or of all or any substantial part of the assets, domestic or foreign, of the Borrower or of any Guarantor and such case or proceeding shall continue undismissed or unstayed for a period of sixty (60) calendar days, or an order granting the relief requested in such case or proceeding against the Borrower or any Guarantor (including, but not limited to, an order for relief under such Federal bankruptcy laws) shall be entered;

(g) A judgment or order for the payment of money shall be entered against the Borrower by any court, and such judgment or order either (i) exceeds \$250,000 and is not discharged or stayed pending appeal or covered in whole or (subject to reasonable deductibles) in part, by insurance, or (ii) in the case of judgments or orders aggregating more than \$100,000 but less than \$250,000 shall continue undischarged or unstayed for a period of thirty (30) consecutive days or more unless covered in whole, or (subject to reasonable deductibles) in part, by insurance;

(h) (i) A Plan Termination Event with respect to a Plan shall occur, (ii) any Person shall engage in any Prohibited Transaction involving any Plan, (iii) an Accumulated Funding Deficiency, whether or not waived, shall exist with respect to any Plan, (iv) the Borrower or any ERISA Affiliate shall be in "default" (as defined in Section 421g(c)(5) of ERISA) with respect to payments due to a Multiemployer Plan resulting from the Borrower's or such Affiliate's complete or partial withdrawal (as described in Section 4203 or 4205 of ERISA) from such Plan, or (v) any other event or condition shall occur or exist with respect to a Single Employer Plan, except that no event or condition referred to in any of the clauses (i) through (v) shall constitute an Event of Default if it, together with all other events or conditions at the time existing, would not subject the Borrower to any Tax, penalty, Debt or Liability which, alone or in the aggregate, would have a Materially Adverse Effect on the Borrower; or

(i) a Guaranty shall be revoked or terminated in a manner other than permitted under this Agreement.

Section 7.02. Remedies upon Event of Default.

(a) Upon the occurrence and during the continuance of any Event of Default (other than one specified in Section 7.01(f)) and in every such event, the Bank, upon notice to the Borrower, may take any one or more of the following actions:

(i) by written notice to Borrower declare the entire principal amount of the Note to be due and payable forthwith, whereupon the Note shall become due and payable, both as to principal and interest, without presentment, demand or protest of any kind, all of which are hereby expressly waived, anything contained herein or in the Note to the contrary notwithstanding;

(ii) institute legal proceedings to foreclose upon and against the security interest granted herein to recover judgment for all amounts then due and owing as indebtedness hereunder, and to collect the same;

(iii) institute legal proceedings for the sale, under the judgment or decree of any court of competent jurisdiction, of any of the Collateral;

(iv) institute legal proceedings for the appointment of a receiver or receivers pending foreclosure hereunder or the sale of any of the Collateral under the order of a court of competent jurisdiction or under other legal process;

(v) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof or render it unusable, and, without being responsible for loss or damage, hold, store and keep idle, or operate, lease or otherwise use or permit the use of the same or any part thereof for such time and upon such terms as the Bank may determine, in a commercially reasonable manner;

(vi) personally, or by agents or attorneys, enter into and upon any premises wherein the Collateral or any part thereof may then be located, and take possession of all or any part thereof with or without process of law and without being responsible for loss or damage and sell or dispose of all or any part of the same, free from any and all claims of Borrower or of any other party claiming by, through or under Borrower at law, in equity or otherwise, at one or more public or private sales, in such place or places, at such time or times and upon such terms as the Bank may determine, in a commercially reasonable manner with or without any previous demand on or notice to Borrower or advertisement of any such sale or other disposal, except that the Bank shall provide

Borrower with at least ten (10) days' prior notice of such sale by certified mail, return receipt requested; and for the aforesaid purposes, all other notices of sale, advertisement and demand and any right or equity of redemption otherwise required by, or available to Borrower under, applicable law are hereby waived by Borrower to the fullest extent permitted by applicable law; the power of sale hereunder shall not be exhausted by one or more sales, and the Bank may from time to time adjourn any sale to be made hereunder;

(vii) demand, collect, and retain all rentals, earnings and all other sums due and to become due pursuant to subsections (v) or (vi) of this Section 7.02 from any party whomsoever, accounting only for net earnings arising after charging against all receipts from the use of or sale of the Collateral, all costs and expenses of, and damages or losses by reason of, such use or sale power;

(viii) if and to the extent the Default results from a breach by Borrower of any representation, warranty or covenant of Borrower contained herein, institute legal proceedings against Borrower to enforce performance of the applicable covenant of Borrower or to recover damages for the breach of any such representation, warranty or covenant;

(viii) terminate the Commitment, and

(ix) exercise any and all of its other rights under applicable law, hereunder and under the other Loan Documents. Upon the occurrence of an Event of Default specified in Section 7.01 (f), automatically and without any notice to the Borrower (A) the principal of and interest outstanding hereunder and under the Credit Note and all other amounts owing under this Agreement, the Credit Note and the other Loan Documents shall be immediately due and payable to the Bank, (B) the Commitment shall terminate, and (C) the Bank may exercise any and all of its other rights under applicable law, hereunder and under the other Loan Documents, including the rights set forth above in this subsection 7.02(a).

(b) Notice. If the Bank must give prior notice to Borrower of any of the foregoing acts, Borrower hereby covenants and agrees that a notice sent to it in writing by certified mail, return receipt requested, at least ten (10) business days before the date of any such act (or such longer period as may be required by applicable law), at its address provided hereunder shall be deemed to be reasonable notice of such act and, specifically, reasonable notification of the time and place of any public sale hereunder and the time after which any private sale or other intended disposition is to be made hereunder.

(c) Application of Proceeds. The proceeds from the sale of the Collateral pursuant to any of the provisions of this Section C.2 shall be applied by the Bank as follows:

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

(b) Second, to the payment to the Bank of the amounts of principal and accrued interest unpaid on the Credit Note; and in case such proceeds shall be insufficient to pay in full the amount unpaid on the Credit Note, first, to the unpaid interest thereof, and thereafter to the unpaid principal payments thereof in inverse order of maturity; and

(c) Third, to the payment of the surplus, if any, to Borrower, its successors and assigns, or to whosoever may be lawfully entitled to receive the same.

Section 7.03. Waiver by Borrower. To the fullest extent that it may lawfully so agree, Borrower shall not at any time insist upon, claim, plead, or take any benefit or advantage of, any appraisal, valuation, stay, extension, moratorium, redemption or any similar law now or hereafter in force in order to prevent, delay or hinder the enforcement of this Agreement or the absolute sale of any part or all of the Collateral or the possession thereof by any purchaser at any sale pursuant to Section 7.02 above; and Borrower, for itself and all who may claim through it, as far as it or they now or hereafter lawfully may so do, hereby waives the benefit of all such laws and all right to have the Collateral marshalled upon any foreclosure hereof, and agrees that any court having jurisdiction to foreclose under this Agreement may order the sale of the Collateral as an entirety.

Section 7.04. Right to Purchase Collateral. At any sale pursuant to Section 7.02 hereof, the Bank or its agent may, to the extent permitted by applicable law, bid for and, if the Bank is the highest bidder, purchase the Collateral offered for sale, may use any claim for Indebtedness payable to it as a credit against the purchase price and, upon compliance in full with the terms of such sale, may hold, retain and dispose of such property without further accountability therefor to Borrower or any other party.

Section 7.05. Cumulative Rights. Each right, power and remedy herein specifically granted to the Bank or otherwise available to it shall be cumulative, and shall be in addition to every other right, power and remedy herein specifically given or now or hereafter existing at law, in equity or otherwise; and each right,

power and remedy, whether specifically granted herein or otherwise existing, may be exercised, at any time and from time to time, as often and in such order as may be deemed expedient by the Bank in its sole and complete discretion; and the exercise or commencement of exercise of any right, power or remedy shall not be construed as a waiver of the right to exercise, at the same time or thereafter, the same or any other right, power or remedy. No delay or omission by the Bank in exercising any such right or power, or in pursuing any such remedy, shall impair any such right, power or remedy or be construed to be a waiver of any default on the part of Borrower or an acquiescence therein. No waiver by the Bank of any breach or default of or by Borrower under this Agreement shall be deemed to be a waiver of any other or similar, previous or subsequent breach or default.

ARTICLE 8

SECURITY

Section 8.01. Grant of Security. (a) In order to secure the prompt payment of the principal of and interest on the Credit Note (whether now or hereafter outstanding) and of all other moneys payable and to be payable to the Bank under this Agreement (collectively the "Indebtedness"), and the timely and faithful performance and observance by the Borrower of all of the agreements, covenants and provisions contained in this Agreement and the Credit Note, the Borrower has granted, conveyed, pledged, sold, mortgaged, assigned, transferred and set over a security interest, and does hereby grant, convey, pledge, sell, mortgage, assign, transfer and set over a lien on and continuing security interest, unto the Bank in (i) the Units; (ii) Borrower's interest in accessions, accessories, equipment, appurtenances and replacement and added parts appertaining or attached to the Units, whether now owned or hereafter acquired, and all substitutions, renewals or replacements of and additions, improvements, accessions and accumulations to the Units described above (the Units and the equipment described in items (i) and (ii) herein being hereinafter sometimes collectively called the "Security Equipment"), together with all the rents, issues, income, profits, proceeds and avails therefrom and the proceeds thereof; (iii) all proceeds (including, without limitation, insurance and indemnity payments) from the sale, loss or other disposition of the Security Equipment; (iv) all rights, claims and causes of action, if any, which the Borrower may have against any manufacturer, rebuilder or seller of the Security Equipment (or any component thereof) or any other party, by contract or otherwise, in respect of any defect in the Security Equipment; (v) the UP Bill of Sale, the SD 40 Lease, the SD 45 Lease, the SDL 39/Switcher Lease, the Locomotive Refurbishing Agreement and any other agreement now or hereafter entered into with respect to the refurbishing, repairing or rebuilding of the Security Equipment, and any agreement now or hereafter entered into for leasing the Locomotives to any third party (such documents collectively referred to as the "Assigned

Documents"), together with all of the Borrower's estate, right, title, interest, claims and demand in, to and under the Assigned Documents, including all extensions of any of the terms thereof, together with all rights, powers, privileges, options, and other benefits of the Borrower, including without limitation the right to receive notices, give consents, exercise any election or option, declare defaults and demand payments under the Assigned Documents, (vi) all rent, damages and other moneys from time to time payable to or receivable by the Borrower in respect of the Security Equipment (such Security Equipment, proceeds, rights, claims, causes of action and the Assigned Documents described in items (i) through (vi) above being herein sometimes collectively called the "Collateral"), to have and to hold all and every part of the Collateral unto the Bank, and its successors and assigns, for its and their own use and benefit forever;

(b) PROVIDED FURTHER, and these presents are on the condition that, if the Borrower, or its successors or assigns, shall pay or cause to be paid to the Bank all of the indebtedness hereunder in accordance with its terms, as provided in this Agreement and the Credit Note and shall well and faithfully perform and observe all of the agreements, covenants, and provisions hereof and thereof at the time and in the manner specified, then all rights herein assigned to the Bank shall cease and terminate, all estate, right, title and interest of the Bank in and to the Collateral shall revert to the Borrower and this Agreement and the rights and powers granted herein and hereby shall cease to be binding and shall be of no further force and effect; and

(c) PROVIDED FURTHER, that, subject to the terms and provisions hereof and unless otherwise stated herein, the Borrower may retain possession, use and enjoyment of the Collateral, as long as no Default shall have occurred and be continuing.

Section 8.02. The Bank as Agent. Subject to Section 8.01 hereof, the Borrower hereby appoints the Bank, and its successors and assigns, the true and lawful attorney of the Borrower, irrevocably and with full power of substitution, in the name of the Borrower or otherwise, to demand, receive, compromise, sue for, and give acquittance for, any and all rentals, profits, moneys and claims for money due and to become due with respect to the Security Equipment or otherwise arising out of this Article 8, to endorse any checks or other instruments or orders in connection therewith, to make all waivers and agreements and to file any claims or take any actions or institute any proceedings with respect thereto which the Bank may deem reasonably necessary or advisable upon default by the Borrower. Anything herein contained to the contrary notwithstanding, neither the Bank nor its nominee or assignee shall have any obligation or liability by reason of or arising out of this Article 8 to make any inquiry as to the nature or sufficiency of, to present or file any claim with respect to, or to take any action to collect or enforce the payment of, any amount to which it may be entitled at any time or times by virtue of this Article 8.

Section 8.03. Perfecting Security. The Borrower hereby represents and warrants that as of the Closing Date (and after giving effect to any filings which the Bank has advised the Borrower it has previously made) all recordings and filings shall have been made, or caused to be made, which are necessary or appropriate to perfect the Bank's interest in the Collateral, including, without limitation, recordings and filings with the ICC and with the appropriate state and local UCC filing offices, and that no other filings, recordings, depositing or giving of notice is necessary in order to protect the rights of the Bank in and to the Collateral. The Borrower shall, from time to time and at its own expense, promptly execute, acknowledge, witness, deliver and file and/or record, or procure the execution, acknowledgment, witnessing, delivery and filing and/or recording of, such documents or instruments, and shall take or cause to be taken such other actions, as the Bank may reasonably request for the perfection against the Borrower and all third parties whomsoever of the security interest created by this Article 8, of the rights and powers herein granted to the Bank and for the continuation and protection thereof and promptly give to the Bank evidence satisfactory to the Bank of such delivery and filing and/or recording. Without limiting the generality of the foregoing, the Borrower shall from time to time and at any time execute, acknowledge, witness and deliver such financing and continuation statements, notices and additional security agreements, make such notations on its records and take such other action as the Bank may reasonably request for the purpose of so perfecting, maintaining and protecting such security interest of the Bank, and shall cause this Agreement and each such financing and continuation statements, notices and additional security agreements to be filed or recorded in such manner and in such places as may be required by applicable law and as the Bank may reasonably request for such purpose. The Borrower hereby authorizes the Bank to effect any filing or recording which the Bank has requested pursuant to this Section 8.03 without the signature of the Borrower to the extent permitted by applicable law. The costs and expenses of the Bank with respect to such actions shall be payable by the Borrower on demand.

Section 8.04. After-Acquired Property. Any and all property of the Borrower which is hereafter acquired shall, without any further conveyance, assignment or act on the part of the Borrower or the Bank, become and be subject to the security interest herein granted as fully and completely as though specifically described herein. The Borrower shall, at its expense, do, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the perfection of the security interest being herein provided for in the Collateral, whether now owned or hereafter acquired.

Section 8.05 Usage. So long as no Default shall have occurred and be continuing, the Borrower shall be entitled to the possession and use of the Units in accordance with the terms of this Agreement.

Section 8.06. Marking of Equipment. The Borrower shall, at its expense, cause the Units to be kept numbered with the identifying road number set forth in Schedule 1 hereto, or in the case of any item of equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such equipment, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of the Units, the words "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission," or other appropriate markings approved in writing by the Bank, with appropriate changes thereof in order to protect the Bank's security interest in the Security Equipment, including the Units, and its rights under this Agreement. The Borrower shall, at its expense, replace promptly any such markings which may be removed, defaced, obliterated or destroyed and shall not change the number of the Locomotives except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Bank and filed, recorded and deposited by Borrower in all public offices where this Agreement shall have been filed, recorded and deposited.

Section 8.07. Registration of Equipment. The Borrower shall, at its expense, register or cause to be registered the Locomotives and any substitute equipment in accordance with any and all applicable federal, state, and local registration requirements of the AAR and the ICC or any of their successor organizations.

Section 8.08. Protection of Security. The Borrower shall not:

(a) permit any of the Collateral to be levied upon under legal process or to fall under any other lien or encumbrance of whatever nature arising as a result of claims against the Borrower, except Permitted Liens; and

(b) except as otherwise provided in this Agreement or with the prior written consent of the Bank and upon the terms and conditions, if any, specified in such consent, sell, assign (including by virtue of assignments by operation of law), mortgage, pledge or otherwise transfer or encumber any of the Collateral (except as contemplated herein) or take any action which would permit any party other than the Bank to perfect any security interest in the Collateral, whether for purchase money or otherwise.

Section 8.09. Indemnity for Acts and Omissions of the Borrower. The Borrower covenants and agrees with the Bank that in any suit, proceeding or action brought or taken by the Bank under this Agreement or any bill of sale relating to the Security Equipment, the Borrower will save, indemnify and keep the Bank harmless from and against all expense (including legal fees), loss or damage suffered by the Bank as a result of any action, or failure to act, of the Borrower.

Section 8.10. Taxes. The Borrower will pay all taxes in connection with the issuance, sale or delivery of the Credit Note and the execution and delivery of this Agreement and any other agreements and instrument contemplated hereby and any modification of the Credit Note, this Agreement or such other agreements and instruments and will save the Bank harmless, without limitation as to time, against any and all liabilities with respect to all such taxes. The Borrower will also pay all other taxes, assessments or charges which may be levied on the Credit Note or interest thereon, except any income tax imposed under the laws of the United States of America or of any foreign country, and will save the Bank harmless, without respect to all such taxes, assessments or charges. The obligations of the Borrower under this Section 8.10 shall survive the payment or prepayment of the Credit Note and the termination of this Agreement.

Section 8.11. Disclaimer by the Bank. The Bank makes no representations or warranties with respect to the Collateral or any part thereof; the Bank shall not be chargeable with any obligations or liabilities of the Borrower with respect thereto; and the Bank shall have no liability or obligation arising out of any such claims, known or unknown, with respect to the Collateral.

Section 8.12. Assigned Documents. The Borrower agrees to provide promptly to the Bank the original of each Assigned Document (not delivered at the Closing) entered into by Borrower at any time this Agreement is in effect.

ARTICLE 9

MISCELLANEOUS

Section 9.01. Notices. All notices and other communications under this Agreement and the other Loan Documents, including but not limited to materials delivered pursuant to Article 5, shall (a) except in those cases where a telephone notice is expressly permitted, be in writing (which shall include communications by telex and telecopy), (b) be (i) sent by registered or certified mail, postage prepaid, return receipt requested, by prepaid telex or telecopier, (ii) delivered by hand or (iii) where so specified, given by telephone, (c) be given at the following respective addresses and telex, telecopier, and telephone numbers:

(i) if to the Borrower, at:

The Oxford Group, Inc.
54 W. Hubbard Street
Suite 204
Chicago, IL 60610

Telephone No.: (312) 527-2300
Facsimile No.: (312) 527-2023

Attention: President

(ii) if to the Bank, at:

Irving Trust Company
One Wall Street
New York, New York 10015

Telex No.: 420625 ITMTUI
Facsimile No.: 212-635-7512
Telephone No.: 212-635-7561

Attention: Transportation Department

with a copy to:

Ross & Hardies
150 N. Michigan Ave.
Chicago, Illinois 60601

TWX No.: 910-221-1154
Facsimile No.: 312-750-8600
Telephone No.: 312-558-1000

Attention: Robert W. Kleinman
or
T. Stephen Dyer

or at such other address or telex, telecopier or telephone number as the Bank or the Borrower may hereafter specify for the purpose in a notice to the other specifically captioned "Notice of Change of Address", and (d) be effective or deemed delivered or furnished (i) if given by mail, on the third Business Day after such communication is deposited in the mail, addressed as above provided, (ii) if given by telex or telecopier, when such communication is transmitted to the appropriate number determined as above provided in this Section 9.01 and the appropriate answer-back is received or receipt is otherwise acknowledged, (iii) if given by hand delivery, when left at the address of the addressee addressed as above provided, and (iv) if given by telephone, when communicated to the Person or to the holder of the office specified as the Person or officeholder to whose attention communica-

tions are to be given, or, in the case of notice to Borrower under Section 7.02 given by telephone as provided below, if such Person or officeholder is unavailable at the time, to any other officer or employee of the Borrower, except that notices of a change of address, telex, telecopier or telephone number, and notices to the Bank under Article 1 or Article 2 shall not be effective and materials furnished to the Bank pursuant to Article 5 shall not be deemed delivered or furnished, until received, and, in the case of the Bank, such notices, and materials requested by the Bank pursuant to Section 5.06(b), shall not be deemed received until physically received by the officer of the Bank responsible for the administration of this Agreement not later than 10:00 a.m., New York time, on any day if such day is to count as a Business Day for the purpose of determining the adequacy of any notice to the Bank hereunder. Notices under Article 1 or Article 2 may be by telephone, promptly, in the case of each notice other than one under Section 2.02, confirmed in writing, provided that failure to provide written confirmation of any notice previously provided by telephone shall not impair the effectiveness of such notice; provided, however, that in the event of a discrepancy between telephonic notice and the written confirmation thereof, or in the event written confirmation of such notice is not furnished, the telephonic notice as understood by the Bank will be deemed the effective notice.

Section 9.02. Expenses. Whether or not any Loans are made hereunder, the Borrower will, on demand, (a) pay or reimburse the Bank for all out-of-pocket costs and expenses, including legal fees and disbursements and fees and disbursements of other experts, incurred by the Bank in connection with (i) the preparation, execution and delivery of this Agreement, and any other Loan Documents, any amendment, modification or waiver hereof or thereof hereunder, (ii) the administration of and operations under this Agreement and the other Loan Documents, (iii) the protection, preservation, exercise or enforcement of any of its rights hereunder, under the other Loan Documents, under the Pledged Leases or any other document issued pursuant thereto or in connection therewith or the consultation with respect to any such rights or any of its obligations under any of the foregoing, and (iv) the defense of any claim referred to in clause (b)(i) below, and (b) pay, and indemnify and hold the Bank harmless from and against (i) any losses in connection with any claim in any way arising out of, related to or connected with, this Agreement, the Credit Note, the other Loan Documents or the Pledged Leases, including, without limitation, any losses suffered by reason of any defense, setoff, counterclaim or recoupment of a Lessee or its successors under a Pledged Lease (except, in the case of any claim brought by the Borrower or a Lessee, to the extent such claim results in a final judgment in favor of the Borrower or a Lessee that the Bank had acted in bad faith) and (ii) all transfer, documentary stamp and similar taxes, and recording and filing fees, payable in respect of this Agreement and the other Loan

Documents. The Borrower's obligation under this Section 9.02 shall survive the repayment of principal and interest hereunder and under the Credit Note.

Section 9.03. Rights Cumulative. The rights and remedies of the Bank under this Agreement and the other Loan Documents shall be cumulative and not exclusive of any rights or remedies which the Bank would otherwise have, and no failure or delay by the Bank in exercising any right shall operate as a waiver of it, nor shall any single or partial exercise of any power or right preclude its other or further exercise or the exercise of any other power or right.

Section 9.04. Disclosures. The Bank may disclose to, and exchange and discuss with, any other Person (the Bank and each such other Person being hereby irrevocably authorized to do so) any information concerning the Borrower (whether received by the Bank or such Person in connection with or pursuant to this Agreement or otherwise) for the purpose of protecting, preserving, exercising or enforcing any rights hereunder or under any of the other Loan Documents, or consulting with respect to any such rights or any rights of the Borrower, and the Bank may disclose to any Person any such information as may be required by Applicable Law or in accordance with the Bank's normal procedures; provided, however, that except as may be required by Applicable Law, nothing herein shall authorize the Bank to disclose proprietary information to the Borrower's competitors.

Section 9.05. Waivers; Amendments. Any term, covenant, agreement or condition of this Agreement or any of the other Loan Documents may be amended or waived, and any departure therefrom may be consented to, if, but only if, such amendment, waiver or consent is in writing and is signed by the Bank and, in the case of each amendment, is signed by the Borrower. Unless otherwise specified in such waiver or consent, a waiver or consent given hereunder shall be effective only in the specific instance and for the specific purpose for which given.

Section 9.06. Set-Off. Upon and after the occurrence of any Event of Default, the Bank and each of its branches and offices is hereby authorized by the Borrower, at any time and from time to time, without notice, (a) to set against, and to appropriate and apply to the payment of, the Obligations (whether matured or unmatured, fixed or contingent or liquidated or unliquidated) any and all amounts owing by the Bank or any such office or branch to the Borrower (whether payable in Dollars or any other currency, whether matured or unmatured, and, in the case of deposits, whether general or special, time or demand and however evidenced) and (b) pending any such action, to the extent necessary, to hold such amounts as collateral to secure the Obligations and to return as unpaid for insufficient funds any and all checks and other items drawn against any deposits so held as the Bank in its sole discretion may elect.

Section 9.07. Assignment. All the provisions of this Agreement shall be binding upon and inure to the benefit of the parties hereto and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights or obligations under this Agreement without the prior written consent of the Bank, and no such assignment or transfer of any such obligation shall relieve the Borrower thereof unless the Bank shall have consented to such release in a writing specifically referring to the obligation from which the Borrower is to be released.

Section 9.08. Participations. The Bank may from time to time sell or otherwise grant participations in this Agreement and the Credit Note, and the holder of any such participation, if the participation agreement so provides, (i) shall, with respect to its participation, be entitled to all of the rights of the Bank and (ii) may exercise any and all rights of set-off or banker's lien with respect thereto, in each case as fully as though the Borrower were directly indebted to the holder of such participation in the amount of such participation.

Section 9.09. Governing Law. This Agreement and the other Loan Documents shall be construed in accordance with and governed by the internal laws (as opposed to conflicts of law provisions) and decisions of the State of New York.

Section 9.10. Judicial Proceedings; Service of Process; Waiver of Jury Trial. Any judicial proceeding brought against the Borrower with respect to this Agreement or any of the other Loan Documents, may be brought in any court of competent jurisdiction in the State of New York, and, by execution and delivery of this Agreement, the Borrower (a) accepts, generally and unconditionally, the nonexclusive jurisdiction of such courts and any related appellate court, and irrevocably agrees to be bound by any judgment rendered thereby in connection with this Agreement or any of the other Loan Documents and (b) irrevocably waives any objection it may now or hereafter have as to the venue of any such suit, action or proceeding brought in such a court or that such court is an inconvenient forum. The Borrower hereby waives personal service of process and consents that service of process upon it may be made by certified or registered mail, return receipt requested, at its address specified or determined in accordance with the provisions of Section 9.01, and service so made shall be deemed completed on the third Business Day after such service is deposited in the mail. Nothing herein shall affect the right to serve process in any other manner permitted by law or shall limit the right of the Bank to bring proceedings against the Borrower in the courts of any other jurisdiction. Any judicial proceeding by the Borrower against the Bank involving, directly or indirectly, any matter in any way arising out of, related to, or connected with this Agreement, any of the other Loan Documents or any Pledged Lease shall be brought only

in a court located in the State of New York. THE BORROWER HEREBY WAIVES TRIAL BY JURY IN ANY JUDICIAL PROCEEDING BROUGHT BY IT OR BY THE BANK INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTED WITH THIS AGREEMENT OR ANY OF THE OTHER LOAN DOCUMENTS.

Section 9.11. Taxes. All taxes (excluding income taxes but including Illinois, franchise taxes computed with reference to the net income of the Bank) payable or ruled payable by any federal, state or local authority in respect of the Loan Documents or the transactions contemplated thereby shall be paid by the Borrower, together with interest and penalties thereon, if any.

Section 9.12. Severability of Provisions. Any provision of this Agreement or any of the other Loan Documents which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof or thereof or affecting the validity or enforceability of such provision in any other jurisdiction. To the extent permitted by Applicable Law, the Borrower hereby waives any provision of law which renders any provision hereof or thereof prohibited or unenforceable in any respect.

Section 9.13. Counterparts. This Agreement and each of the other Loan Documents may be executed in any number of counterparts, each of which shall be deemed to be an original and shall be binding upon all parties, their successors and assigns.

Section 9.14. Entire Agreement. This Agreement and the other Loan Documents embody the entire agreement between the parties hereto and supersede all prior agreements, representations and understandings, if any, relating to the subject matter hereof.

ARTICLE 10

ADDITIONAL LOAN PROVISIONS

Section 10.01. Regulatory Changes. If any Regulatory Change:

(a) shall subject the Bank to any Tax (other than a Tax on the overall net income or profits of the Bank), duty or other charge determined by the Bank to be applicable to any Loan, to its obligation to make or maintain any Loan, or to this Agreement or any of the other Loan Documents, or shall, in the determination of the Bank, change the basis of taxation of payments to the Bank of the principal of or interest on any Loan or its obligation to maintain any Loan; or

(b) shall impose, increase, modify or deem applicable any reserve, special deposit, assessment, capital adequacy requirement or other requirement against assets of, deposits with or to the account of, credit extended by the Bank, or the Commitment, or shall impose on the Bank or on an relevant interbank market for Dollars, or the market for certificates of deposit, any condition; and the result of the foregoing, in the determination of the Bank, is (x) to reduce the amount of any sum received or receivable by such Bank with respect to any amounts loaned hereunder or return to be earned by the Bank on any amounts loaned hereunder, (y) to impose a cost on the Bank that is attributable to the maintaining of the Commitment or amount loaned hereunder, or (z) to require the Bank to make any payment on or calculated by reference to the gross amount of any amount received by it hereunder or under the Credit Note, then, within fifteen (15) days after request by the Bank, the Borrower shall pay to the Bank such additional amount or amounts as the Bank determines will compensate the Bank for such reduction, increased cost or payment. The Bank will promptly notify the Borrower of any Regulatory Change of which it has knowledge which will entitle the Bank to compensation pursuant to this Section 10.01, but the failure to give such notice shall not affect the Bank's right to such compensation.

Section 10.02. Determinations. In making the determinations contemplated by Section 10.01 the Bank may make such reasonable estimates, assumptions, allocations and the like that the Bank in good faith determines to be appropriate, but the Bank's selection thereof in accordance with this Section 10.02 and the determinations made by the Bank on the basis thereof, shall be final, binding and conclusive upon the Borrower, except, in the case of such determinations, for manifest errors in computation or transmission. The Bank shall furnish to the Borrower upon request a certificate outlining in reasonable detail the computation of any amounts claimed by the Bank under this Article 10 and the assumptions underlying such computations.

ARTICLE 11

INTERPRETATION

Section 11.01. Interpretation. (a) Defined Terms.
For the purposes of this Agreement:

"Accumulated Funding Deficiency" shall have the meaning ascribed to that term in Section 302 of ERISA.

"Acknowledgment" means an Acknowledgment and Notice of Assignment substantially in the form of Exhibit D hereto.

"Advance Date" means the date on which amounts are advanced by the Bank to the Borrower.

"Affiliate" means, with respect to a Person, any other Person that, directly or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such first Person.

"Agreement" means this Agreement, as amended from time to time, and after giving effect to all waivers and departures from the terms hereof that have been consented to, but only, in the case of each such amendment, waiver or consent, to the extent it complies with the provisions of Section 9.05 of this Agreement.

"Applicable Law" means, anything in Section 9.09 of this Agreement to the contrary notwithstanding, all material applicable provisions of all (a) constitutions, statutes, rules, regulations and orders of governmental bodies, (b) Governmental Approvals and (c) orders, decisions, judgments and decrees of all courts and arbitrators; except that for purposes of determining the maximum interest rate payable hereunder, Applicable Law means the Applicable Law of the State of New York applicable to maximum permitted rates of interest.

"Applicable Lessee" means, with respect to a Pledged Lease, the Lessee under the Pledged Lease.

"Applicable Units" means the Units covered by an Applicable Lease.

"Bank's Office" means the address of the Bank specified in or determined in accordance with the provisions of Section 9.01.

"Base Rate" means at any time the rate of interest announced from time to time by the Bank as its "prime rate" (which rate is not the Bank's lowest rate of interest).

"Borrower" means The Oxford Group, Inc., an Illinois corporation.

"Business Day" means any day other than a Saturday, Sunday or other day on which banks in Chicago, Illinois or New York, New York are authorized to close.

"Certificate of Acceptance" means a Certificate of Acceptance substantially in the form of Exhibit E hereto.

"Code" means the Internal Revenue Code of 1986, as amended.

"Collateral" shall have the meaning set forth in Section 8.01 hereof.

"Commitment" means the commitment of the Bank to lend amounts to the Borrower pursuant to Article One hereof in an aggregate amount not to exceed \$5,600,000 as such amount may be reduced pursuant to Section 1.07 hereof.

"Commitment Termination Date" means the date on which no further borrowings may remain outstanding hereunder.

"Contract" means an indenture, agreement (other than this Agreement), other contractual restriction, lease, instrument, certificate of incorporation or charter, or by-law.

"Credit" shall have the meaning set forth in the preambles to this Agreement.

"Credit Note" shall mean the Credit Note in the maximum principal amount of \$5,600,000 entered into as of the date of this Agreement by the Borrower and substantially in the form of Exhibit A.

"Debt" of any Person means at any time, without duplication, (a) all obligations of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services, except trade accounts payable arising in the ordinary course of business but only if and so long as the same are payable on customary trade terms, (d) all obligations of such Person as lessee under capital leases, (e) all Mandatorily Redeemable Obligations of such Person, (f) all Debt secured by a Lien on any asset of such Person, whether or not such debt is assumed by such Person, and (g) all Debt of others guaranteed by such Person.

"Default" means any condition or event which constitutes an Event of Default or which with the giving of notice or lapse of time or both would, unless cured or waived, become an Event of Default.

"Dollars" and the sign "\$" mean lawful money of the United States of America.

"ERISA" means the Employee Retirement Income Security Act of 1974, as in effect from time to time.

"ERISA Affiliate" means a Person which is under common control with the Borrower within the meaning of Section 414(b) or (c) of the Code, including but not limited to a Person who is an Affiliate of the Borrower or a Subsidiary.

"Event of Default" means any of the events specified in Section 7.01 of this Agreement.

"Excess Cash Flow" means an amount equal to (i) funds from operations (including all cash and cash equivalents), consisting of the net income of the Borrower plus the amount of any depreciation and amortization, plus (ii) the net proceeds of the disposition of any assets of the Borrower minus (a) the amount of any capital expenditures of the Borrower to the extent permitted by Section 4.23 of this Agreement (b) the amount of the Monthly Commitment Reduction set forth in Section 1.07 of this Agreement to the extent actually paid by the Borrower and (c) the amount of distributions made to shareholders of the Borrower (so long as it is an "S" corporation for federal income tax purposes) to pay federal income taxes incurred by such shareholders in respect of the taxable income of the Borrower attributable to such shareholder by virtue of such shareholder's ownership interest in the Borrower (but in no event exceeding the amount of federal income taxes that would be payable by the Borrower if it were a "C" corporation).

"Generally Accepted Accounting Principles" means generally accepted accounting principles as in effect from time to time in the United States of America.

"Governmental Approval" means an authorization, consent, approval, license or exemption of, registration or filing with, or report or notice to, any governmental unit.

"Guarantor" means one of the Guarantors.

"Guarantors" means Donald J. McLachlan, Edward A. Burkhardt and Roland V. McPherson.

"Guaranty" by any Person means any obligation, contingent or otherwise, of such Person, directly or indirectly, guaranteeing any Debt or Liability of any other Person, or in any manner providing for the payment of any Debt or Liability of any other Person or otherwise protecting the holder of such Debt or Liability against loss (whether by Agreement to keep well, to purchase assets, goods, securities or services, to take or pay, to reimburse for payments made under performance letters of credit or otherwise). The term "Guarantee", used as a verb, has a correlative meaning.

"ICC" means the United States Interstate Commerce Commission or any successor agency thereto.

"Indebtedness" shall have the meaning set forth in Section 8.01.

"Initial Funding Date" means the date on which the initial amount is advanced to the Borrower.

"Lease" means a lease between the Borrower as lessor and a third party as lessee with respect to Units in the form approved by the Bank.

"Lessee" means the lessee under a Lease.

"Liability", as applied to a Person, means an obligation or liability, whether arising under Contract, Applicable Law or otherwise, in each case to the extent such obligation or liability does not otherwise constitute Debt of such Person.

"Lien", as applied to the property or assets (or the income or profits therefrom) of any Person, means (in each case, whether the same is consensual or nonconsensual or arises by Contract, operation of law, legal process or otherwise) any mortgage, lien, pledge, attachment, levy, charge, or other security interest or encumbrance of any kind in respect of any property of such Person, or upon the income or profits therefrom. For this purpose, the Borrower shall be deemed to own subject to a Lien any asset which it has acquired or holds subject to the interest of a vendor or lessor under any conditional sale agreement, capitalized lease or other title retention agreement relating to such asset.

"Loan" means the Initial Term Loan or any Additional Term Loan.

"Loan Documents" means this Agreement, the Credit Note, the financing statements and all other instruments, documents or agreements relating to the Obligations and now or hereafter delivered by the Borrower to the Bank.

"Loans" means the Advances made under the Credit on the Initial Funding Date and any subsequent funding date up to the maximum amount permitted hereunder.

"Locomotive Refurbishing Agreement" means the Locomotive Refurbishing Agreement, dated as of December 2, 1988, between the Borrower and Wilson.

"Mandatorily Redeemable Obligation" means, as applied to a Person, an obligation of such Person to the extent that it is redeemable, payable or required to be purchased or otherwise retired or extinguished (a) at a fixed or determinable date, whether by operation of a sinking fund or otherwise, (b) at the option of any Person other than such Person or (c) upon the occurrence of a condition not solely within the control of such Person, such as a redemption required to be made out of future earnings.

"Materially Adverse Effect" means (a) with respect to any Person, a materially adverse effect upon such Person's business, assets, liabilities, financial condition, results of operations or business prospects and (b) with respect to this Agreement, any Contract or any other obligation, a materially adverse effect, as to any party thereto, upon the binding nature, validity or enforceability thereof.

"Multiemployer Plan" means a Plan which is a multi-employer plan as defined in Section 4001(a)(3) of ERISA.

"Note" means the Credit Note.

"Obligations" of the Borrower at any time to the Bank means all of the Borrower's liabilities, obligations and indebtedness at such time to the Bank of any kind whatsoever, howsoever evidenced and whether contingent or otherwise, including, without limitation all of Borrower's liabilities, obligations and indebtedness to the Bank under this Agreement, the Credit Note and the other Loan Documents.

"Patents" means patents, patent applications, patent rights or licenses, trademarks, trademark rights, trade names, trade name rights, copyrights, and any other right with respect to the foregoing.

"PBGC" means the Pension Benefit Guaranty Corporation.

"Permitted Lien" means the following Liens:

(i) a Lien securing a tax, assessment or other governmental charge or levy owed by the Borrower (excluding any Lien arising under any of the provisions of the Code or ERISA) or the claim of a materialman, mechanic, artisan, carrier, warehouseman or landlord for labor, materials, supplies or rentals incurred in the ordinary course of business, but only if payment thereof shall not at the time be required to be made in accordance with Section 4.01(e);

(ii) a Lien consisting of a deposit or pledge made by the Borrower in the ordinary course of business, (A) in connection with, or to secure payment of, obligations under workmen's compensation, unemployment insurance or similar legislation or (B) to secure performance of tenders, statutory obligations, leases and Contracts (other than for money borrowed, or for credit received in respect of property acquired) or to secure obligations on surety bonds, so long as the aggregate amount secured by Liens referred to in this clause (ii)(B) does not exceed \$50,000;

(iii) a Lien arising by virtue of any easement, lease, reservation or other right of others in any property of

the Borrower for streets, roads, bridges, pipes, pipelines, railroads, electric transmission and distribution lines, telegraph, telephone and other communication lines, the removal of oil, gas, coal or other minerals and other similar purposes, flood rights, river control and development rights, sewage and drainage rights, restrictions against pollution and zoning laws and minor defects and irregularities in the record evidence of title, provided that such easements, leases, reservations, rights, restrictions, laws, defects and irregularities do not materially adversely affect the marketability of title to such property and do not in the aggregate materially impair the use or value of such property for the purposes for which it is held by the Borrower;

(iv) a Lien constituting rights of a lessee with respect to Units leased from the Borrower to such Lessee;

(v) a Lien existing on any asset, other than the Units the acquisition of which are financed or refinanced by Loans, prior to the acquisition thereof by the Borrower but only if such Lien was not created in contemplation thereof and such Lien is and will remain confined to the property subject to it at the time such property is acquired and to improvements thereafter erected on or attached to such property;

(vi) a Lien constituting a renewal, extension or replacement of a Lien constituting a Permitted Lien by virtue of clause (v) of this definition, but only, in the case of each such renewal, extension or replacement Lien, to the extent that the principal amount of indebtedness secured by such Lien does not exceed the principal amount of such indebtedness so secured at the time of the extension, renewal or replacement, and that such renewal, extension or replacement Lien is limited to all or a part of the property that secured the Lien extended, renewed or replaced and to improvements then or thereafter erected on or attached to such property;

(vii) a Lien arising pursuant to any judgment or to an order of attachment, restraint or similar legal process arising in connection with legal proceedings, but only if and so long as the execution or other enforcement thereof is not unstayed for more than thirty (30) consecutive days;

(viii) a Lien constituting rights of a licensor of Patents or of a licensee thereof in the ordinary course of business;

(ix) other Liens securing obligations incurred in connection with the acquisition of assets other than Units and not in excess of \$50,000 in principal amount at any one time outstanding in the aggregate, provided that such Liens attach only to such assets;

(x) a Lien securing Debt neither created, assumed nor Guaranteed by the Borrower nor on amount of which it customarily pays interest, at the time of acquisition by the Borrower, upon lands over which easements or rights-of-way are acquired by the Borrower for any of the purposes specified in clause (iii) of this definition, which Liens do not materially impair the use of such easements or rights-of-way for the purposes for which they are held by the Borrower;

(xi) any Lien or privilege vested in any lessor, licensor or permittor for rent to become due or for other obligations or acts to be performed, the payment of which rent or the performance of which other obligations or acts is required under leases, subleases, licenses or permits, so long as the payment of such rent or the performance of such other obligations or acts is not delinquent or, if delinquent, is being contested in good faith by appropriate proceedings which operate to prevent the collection of such rent or enforcement of the performance of such other obligations;

(xii) any Lien or privilege of any employee of the Borrower for salary or wages earned but not yet payable;

(xiii) any Lien arising by virtue of the burdens of any law or governmental regulation or permit requiring the Borrower to maintain certain facilities or perform certain acts as a condition of its occupancy or of interference with any public lands or any river or stream or navigable waters;

(xiv) any Lien constituting a right reserved to, or vested in, any municipality or governmental or other public authority to control or regulate any property of the Borrower, or to use such property in any manner, which right does not materially impair the use of such property for the purposes for which it is held by the Borrower;

(xv) any Lien for the payment or discharge of which provisions satisfactory to the Bank have been made;

(xvi) any Lien constituting an interest of a third party in property owned jointly or in common with the Borrower; and

(xvii) any Lien in favor of the Bank.

"Person" means an individual, corporation, partnership, trust or unincorporated organization, a government or any agency or political subdivision thereof and, for the purpose of the definition of "ERISA Affiliate", a trade or business.

"Plan" means any pension plan which is covered by Title IV of ERISA and in respect of which the Borrower or an

ERISA Affiliate is an "employer" as defined in Section 3(5) of ERISA.

"Plan Termination Event" means (i) a Reportable Event, (ii) the termination of a Single Employer Plan, or the treatment of a Single Employer Plan amendment as a termination of such Plan under Section 4041 of ERISA, or the filing of a notice of intent to terminate a Single Employer Plan, (iii) the institution of proceedings to terminate a Single Employer Plan by the PBGC under Section 4042 of ERISA, or (iv) the appointment of a trustee to administer any Single Employer Plan.

"Pledge Agreement" means that certain Pledge Agreement dated as of the Initial Funding Date between the shareholders of the Borrower and the Bank and providing for the pledge of all of Borrower's capital stock to the Bank.

"Pledged Leases" means the SD 40 Lease, the SD 45 Lease, the SDL 39/Switcher Lease or any other Lease which has been assigned to the Bank as collateral to secure the loans and advances made hereunder.

"Post-Default Rate" means a per annum rate equal to (i) the Base Rate as in effect from time to time plus three percent (3.00%), calculated on the basis of actual number of days over a year of 360 days.

"Prime Rate" means the Base Rate.

"Prohibited Transaction" means a transaction which is prohibited under Section 4975 of the Code or Section 406 of ERISA and not exempt under Section 4975 of the Code or Section 408 of ERISA.

"Purchase Agreement" means an agreement between the Borrower and another Person for the purchase of Units by the Borrower.

"Railcars" shall mean WCL Railcars, Inc., an Illinois corporation.

"Regulation D" means Regulation D of the Board of Governors of the Federal Reserve System and any successor regulation.

"Regulatory Change" means (a) the enactment after the Initial Funding Date of any new, or the enactment or other effectuation of any change in any existing, Applicable Law, (b) the adoption after the Initial Funding Date of any new, or the adoption or other effectuation of any change in any existing, interpretation, directive or request (whether or not having the force of law), or (c) any change in the administration or enforcement of any Applicable Law.

"Reportable Event" means any of the events set forth in Section 4043(b) of ERISA or the regulations thereunder, except any such event as to which the provision for thirty (30) days' notice to the PBGC is waived under applicable regulations.

"Representation or Warranty" means (a) each representation and warranty made pursuant to Sections 2.02, 3.01 through 3.10, and 5.08 and any other provision of this Agreement, and (b) each statement contained in any certificate, financial statement, legal opinion or other instrument or document delivered by or on behalf of the Borrower pursuant to or in connection with this Agreement (including but not limited to any representation, warranty or statement made in or in connection with any amendment of this Agreement).

"Reserve Requirement" means, with respect to any Loan, the rate for which reserves (including any marginal, supplemental or emergency reserve) are required to be maintained under Regulation D by member banks of the Federal Reserve System in New York City against new non-personal time deposits of \$100,000 or more. The Adjusted Fixed Rate shall be adjusted automatically on and as of the effective date of any change in the applicable Reserve Requirement.

"Restricted Payment" means (a) any dividend or other distribution on any shares of the Borrower's capital stock, other than distributions made to shareholders of the Borrower in respect of federal income taxes so long as the Borrower is an "S" corporation under the Internal Revenue Code of 1986, as amended and then in effect, and so long as the amount distributed does not exceed the amount that would be owed in taxes were the Borrower a "C" corporation under the Internal Revenue Code of 1986, as amended and then in effect) (b) any redemptions or acquisitions of (i) any shares of the Borrower's capital stock (except shares acquired solely upon the conversion thereof into other shares of its capital stock), (ii) any security convertible into, or any option, warrant or other right to acquire, shares of the Borrower's capital stock or (iii) any Subordinated Debt of the Borrower not acceptable to the Bank in its sole discretion (c) any management, guaranty or other fees to shareholders of the Borrower other than (i) guaranty fees to the Guarantors in an amount not exceeding an aggregate of 1% per annum of the average amount of the Commitment outstanding in any year, (ii) reasonable compensation paid to shareholders active in the day to day management of the Borrower (the amounts of which shall be reported to the Bank by the Borrower not less often than quarterly) and (iii) professional fees at customary hourly rates for services actually rendered and payable to any organization in which a shareholder is a principal or partner (the amounts of which shall be reported to the Bank by the Borrower not less often than quarterly), and (d) any payment on account of the principal of or interest or premium, if any, on any Subordinated Debt of the Borrower not acceptable to the Bank in its sole discretion.

"Security Equipment" shall have the meaning set forth in Section 8.01.

"Single Employer Plan" means any Plan which is not a Multiemployer Plan.

"Subordinated Debt" means any Debt of the Borrower which is subordinated in priority to the payment of the Obligations.

"Subsidiary" when used to determine the relationship of a Person to the Borrower, means any Person of which (a) securities having ordinary voting power to elect a majority of the board of directors (or other persons having similar functions), or (b) other ownership interests ordinarily constituting a majority voting interest, are at the time, directly or indirectly, owned or controlled by the Borrower, or by one or more other Subsidiaries, or by the Borrower and one or more Subsidiaries.

"Tax" means any federal, state or foreign tax, assessment or other governmental charge or levy upon a Person or upon its assets, revenues, income or profits.

"UP Bill of Sale" shall mean the Bill of Sale, dated November 30, 1988, from the Union Pacific Railroad Company to the Borrower with respect to six EMD SD 40 Locomotives.

"Unit and Units" shall have the meaning set forth in the preamble to this Agreement.

"Wilson" means Wilson Railway Corp., a Delaware corporation.

(b) Other Definitional Provisions.

(i) Except as otherwise specified herein, all references herein (a) to any Person, other than the Borrower, shall be deemed to include such Person's successors and assigns, (b) to the Borrower shall be deemed to include the Borrower's successors, and (c) to any Applicable Law or Contract specifically defined or referred to herein shall be deemed references to such Applicable Law or Contract as the same may be amended or supplemented from time to time, or, in the case of any such Contract, as the terms thereof may be waived or modified, but only in the case of each such waiver or modification, to the extent permitted by, and effected in accordance with, the terms thereof.

(ii) The words "herein", "hereof" and "hereunder" and words of similar import, when used in this Agreement, shall refer to this Agreement as a whole and not to any provision of this Agreement, and "Section", "subsection", "Schedule" and respective references are to this Agreement unless otherwise specified.

(iii) Whenever the context so requires, the neuter gender includes the masculine and feminine, and the singular number includes the plural, and vice versa.

(iv) All terms defined in this Agreement shall have the defined meanings when used in the Notes or, except as otherwise expressly stated therein, any certificate, opinion or other document delivered pursuant hereto.

Section 11.02. Accounting Matters. Unless otherwise specified herein, all accounting determinations hereunder and all computations utilized by the Borrower in complying with the covenants contained herein shall be made, all accounting terms used herein shall be interpreted and all financial statements requested to be delivered hereunder shall be prepared, in accordance with Generally Accepted Accounting Principles, except, in the case of such financial statements, for departures from Generally Accepted Accounting Principles that may from time to time be approved in writing by the independent certified public accountants who are at the time, in accordance with Section 5.03 reporting on the Borrower's financial statements.

Section 11.03. Representations and Warranties. All Representations and Warranties shall be made at and as of the Initial Funding Date and at and as of each Advance Date, and in addition, in the case of any particular Representation and Warranty, at such other time or times as such Representation and Warranty is made or deemed made in accordance with the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers all as of the day and year first written above.

THE OXFORD GROUP, INC.

By: JOHN J. HUNN
Title:

IRVING TRUST COMPANY

By: _____
Title:

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized officers all as of the day and year first written above.

THE OXFORD GROUP, INC.

By: Donald I. Linn
Title:

IRVING TRUST COMPANY

By: Boone E. Tan
Title: Assistant Secretary

Schedule 1

Description of the Units

The Oxford Group, Inc.
Schedule of Locomotive Holdings

Road No. Serial No. Acquired From Date.

SD40s:

MP 3001	7962-2	UPRR	11/30/88
MP 3003	7962-4	UPRR	11/30/88
UP 3016	7865-17	UPRR	11/30/88
MP 3025	7995-6	UPRR	11/30/88
MP 3048	7932-1	UPRR	11/30/88
UP 3068	7932-21	UPRR	11/30/88
UP 3034	7868-10	UPRR	
UP 3046	5673-7	UPRR	
UP 3049	7932-2	UPRR	
UP 3067	7932-20	UPRR	
UP 3073	7932-28	UPRR	
UP 4016	7962-11	UPRR	
UP 3102	7324-20	UPRR	
MP 3013	7962-1	UPRR	

SD45s:

SP 9093	77-G3-1016	Wilson	6/21/88
SP 8939	72-B2-1027	Wilson	6/21/88
SP 8993	77-F3-1541	Wilson	6/21/88
NW 1701	5705-1	N&W	5/14/88
NW 1718	7904-14	N&W	5/14/88
NW 1724	7904-20	N&W	5/14/88
NW 1744	7988-6	N&W	5/14/88
NW 1745	7988-7	N&W	5/14/88
NW 1746	7988-8	N&W	5/14/88

SDL39s:

S00 586 ✓	342-77	TXL	11/14/88
S00 588 ✓	342-79	TXL	11/14/88
S00 590 ✓	342-81	TXL	11/14/88
S00 589 ✓	342-80	Wilmington Tst	6/22/88
S00 587 ✓	342-78	Wilmington Tst	6/22/88

SW1500s:

SP 2594	25294	Wilson	7/ 7/88
SP 2487	7087-7	Wilson	6/28/88
SP 2652	4608-62	Wilson	7/ 7/88
SP 2640	4608-50	Wilson	7/ 7/88
SP 2578	35814	Wilson	6/21/88
SP 2505	19968	Wilson	7/ 7/88
SP 2665	46086	Wilson	9/27/88
SP 2529	35222	Wilson	9/27/88

SCHEDULE 2.01(a)
to
Secured Credit Agreement
dated as of December __, 1988

THE OXFORD GROUP, INC.
CERTIFICATE AS TO RESOLUTIONS, ETC.
AND CONSENT OF SHAREHOLDERS

I, _____, Secretary of The Oxford Group, Inc., an Illinois corporation, ("Borrower"), DO HEREBY CERTIFY, pursuant to Section 2.01(a) of the Secured Credit Agreement dated as of December __, 1988, between the Borrower and Irving Trust Company ("Irving Trust"), that:

1. The below named persons have been duly elected (or appointed) and have duly qualified as, and on this day are, officers of Borrower holding their respective offices below set opposite their names, and the signatures below set opposite their names are their genuine signatures:

<u>Name</u>	<u>Office</u>	<u>Signature</u>
_____	President	_____
_____	Secretary/ Treasurer	_____

2. Attached hereto as Annex A is a true and correct copy of resolutions duly adopted by the Board of Directors of Borrower on December __, 1988. Such resolutions have not been amended, modified or revoked and are in full force and effect on the date hereof.

3. The Secured Credit Agreement, the Credit Note (as defined in the Secured Credit Agreement) and each other "Loan Document" (as defined in the Secured Credit Agreement), in each case, where applicable, as executed and delivered on behalf of Borrower, are in the forms thereof approved by the Board of Directors of Borrower.

4. There has been no amendment to the Articles of Incorporation of Borrower.

5. Attached hereto as Annex B is a true and correct copy of the By-laws of Borrower as in effect on December __, 1988 and at all subsequent times to and including the date hereof.

IN WITNESS WHEREOF, I have signed this certificate this
_____ day of December, 1988.

Secretary

I, _____, President of Borrower, DO HEREBY
CERTIFY that _____, Secretary, has been duly elected or
appointed and has duly qualified as, and on this day is Secretary
of Borrower, and the signature in paragraph 1 above is his
genuine signature.

IN WITNESS WHEREOF, I have signed this certificate this
_____ day of December, 1988.

[Title]

Annex A

Board Resolutions

Attached as part of closing transcript.

Annex B

By-Laws

Attached as part of closing transcript.

SCHEDULE 2.01(r)
to
Secured Credit Agreement
dated as of December 28, 1988

OPINION OF BORROWER'S COUNSEL

1. The Oxford Group, Inc. ("Oxford") is a corporation duly organized, validly existing and in good standing under the laws of the State of Illinois, has full power and authority to own its property and carry on its business as currently conducted and is duly qualified or licensed to do business and in good standing in each other jurisdiction where the nature of its business or its properties require such qualification.

2. To our knowledge, after due inquiry, Oxford is conducting its business in such a manner as to comply with all applicable laws and regulations of the United States of America, the several states and the District of Columbia and any subdivision of any thereof wherein Oxford is doing business and of all governmental agencies and authorities of any thereof having jurisdiction in the premises where the failure to so comply would have a material adverse effect on the business, present or prospective, or the operations, property, assets or condition, financial or otherwise, of Oxford.

3. Oxford has the full power and authority to execute, deliver and perform the Financing Documents.

4. The Financing Documents have each been duly authorized, executed and delivered by Oxford and assuming due authorization, execution and delivery by the other parties thereto constitute the legal, valid and binding obligations of Oxford enforceable against it in accordance with their respective terms.

5. The Credit Note has been duly authorized, executed and delivered by Oxford and constitutes the legal, valid and binding obligation of Oxford enforceable against it in accordance with the terms thereof, subject to the limitations as to enforceability contained therein.

6. No authorization or approval or other action by, and no notice to or filing with, any governmental authority or regulatory body is required for the due execution, delivery and performance by Oxford of the Financing Documents except for the filing of the Secured Credit Agreement with the Interstate Commerce Commission pursuant to 49 U.S.C. §11303, and the filing of Uniform Commercial Code financing statements with the appropriate local and State governmental authorities.

7. Neither the execution, delivery or performance by Oxford of the Financing Documents nor compliance with the terms and provisions thereof, conflicts or will conflict with or will result in a breach or violation of any of the terms, conditions or provisions of any law, governmental rule or regulation or the Articles of Incorporation or bylaws of Oxford, or to the best of our knowledge after due inquiry, of any order, writ, injunction or decree of any court or governmental authority against Oxford or by which it or any of its properties is bound, or of any indenture, mortgage or contract or other agreement or instrument to which Oxford is a party or by which it or any of its properties is bound, or constitutes or will constitute a default thereunder or will result in the imposition of any lien not permitted hereby upon any of its properties.

Very truly yours,

McLachlan and Rissman

By: _____

SCHEDULE 3.02
to
Secured Credit Agreement
dated as of December 28, 1988

REQUIRED CONSENTS AND GOVERNMENTAL APPROVALS

The following is a complete and correct list of (a) all consents or approvals of the stockholders of the Borrower and (b) Governmental Approvals required for the execution, delivery and performance of the Secured Credit Agreement, the Credit Note, the other Loan Documents, and the Pledged Leases in accordance with their respective terms and under the Agreement:

None.

There are attached true and correct copies (certified in the case of Government Approvals) of each such consent or approval.

SCHEDULE 3.03
to
Secured Credit Agreement
dated as of December 28, 1988

LITIGATION

None.

SCHEDULE 4.13
to
Secured Credit Agreement
dated as of December 28, 1988

Indebtedness:

None.

SCHEDULE 5.01
to
Secured Credit Agreement
dated as of December 28, 1988

THE OXFORD GROUP, INC.
CERTIFICATE AS TO
FINANCIAL STATEMENTS

I, _____, [President] [Chief Financial Officer] of The Oxford Group, Inc. (the "Borrower"), hereby certify pursuant to Section 5.01 of the Secured Credit Agreement dated as of December __, 1988 between the Borrower and Irving Trust Company ("Irving Trust") that:

1. The accompanying unaudited financial statements of the Borrower as at _____ and for the _____ months ending _____, 19__, are complete and correct and present fairly, in accordance with Generally Accepted Accounting Principles (except for changes described below) and the financial position of the Borrower as at the end of such period, and the results of operations and the changes in the financial position for such period, and for the elapsed portion of the fiscal year ended with the last day of such period, in each case on the basis presented and subject only to normal year-end auditing adjustments.

2. The changes from Generally Accepted Accounting Principles are as follows:

Dated:

[President] [Chief Financial Officer]

SCHEDULE 5.04
to
Secured Credit Agreement
dated as of December 28, 1988

THE OXFORD GROUP, INC.
CERTIFICATE AS TO COMPLIANCE WITH
FINANCIAL COVENANTS, DEFAULTS

I, _____, [President] [Chief Financial Officer] of The Oxford Group, Inc. (the "Borrower") hereby certify pursuant to Section 5.04 of the Secured Credit Agreement dated as of December __, 1988 between the Borrower and Irving Trust Company ("Irving Trust") that:

Based on an examination sufficient to enable me to make an informed statement, no Default exists, including, in particular, any Default arising under the provisions of Article 7 except the following:

[If none such exist, insert "None"; if any do exist, specify the same by Section, give the date the same occurred, whether it is continuing, and the steps being taken by the Borrower with respect thereto.]

Dated:

[President] [Chief Financial Officer]

EXHIBIT A
to
Secured Credit Agreement
dated as of December 28, 1988

FORM OF CREDIT NOTE

CREDIT NOTE

\$5,600,000.00

New York, New York
December 29, 1988

FOR VALUE RECEIVED, THE OXFORD GROUP, INC. ("Borrower"), hereby promises, subject to conditions hereinafter set forth, to pay to the order of IRVING TRUST COMPANY (the "Bank"), at the principal office of the Bank at One Wall Street, New York, N.Y. 10015, or such other place as the holder hereof shall from time to time specify to Borrower, the principal amount of \$5,600,000.00 or such lesser amount as may at the time of maturity or demand be outstanding hereunder and endorsed on the Advances and Payments Grid attached hereto as Exhibit A, in lawful money of the United States, together with interest, in like money, from the date hereof on the unpaid principal amount hereof from time to time outstanding at the rate of interest equal to one percent (1%) in excess of the rate of interest announced from time to time by the Bank as its prime rate of interest (the "Prime Rate") and after maturity or demand at a rate which is three percent (3%) per annum in excess of the Prime Rate.

The principal of and interest on this Note shall be payable in consecutive monthly installments on the first day of each month (prior to demand of the holder hereof) commencing on March 1, 1989 and continuing thereafter on the first day of each month until the entire principal amount of this Note shall be paid in full. Payments of the principal of this Note shall be made in the amounts necessary to reduce the maximum principal amount outstanding under this Note from time to time as set forth on Exhibit B hereto. All payments received in respect of this Note shall be credited first to interest accrued on the outstanding principal amount of this Note and then to the unpaid and outstanding principal on this Note.

This Note is the Credit Note referred to in, and is entitled to the benefit of, the Secured Credit Agreement, dated as of December 28, 1988 (the "Agreement"), between the Borrower and the Bank. The Note is secured by a grant of security made by the Borrower to the Bank pursuant to the Agreement. Reference is hereby made to the Agreement for a description of the property assigned, the nature and extent of the security and the rights of the Bank in respect of such security.

The rate of interest on this Note shall change simultaneously with each change in the Prime Rate, and interest shall be calculated on the basis of the actual number of days elapsed over a 360 day year.

This Note, to the extent permitted by applicable law, shall bear interest at the Default Interest Rate (as defined in the Agreement) on any part of the principal or interest hereof not paid when due for any period during which the same shall become overdue. If any payment of principal or interest on this Note shall become due on a Saturday, Sunday or any other day in which banking institutions in the State of New York are closed for business, such payment shall be made on the next succeeding business day, the amount of such payment, in such case, to include all interest accrued to the date of actual payment.

The Note is subject to mandatory prepayment and the maturity of the Note may be accelerated, all as provided in the Agreement. Borrower hereby waives presentment, demand or protest of any kind otherwise required in connection with the payment of principal of or interest on the Note or the acceleration of maturity, notice of nonpayment, notice of protest and notice of dishonor. This Note shall be construed in accordance with and governed by the laws of the State of New York, without regard to its conflicts of law doctrine.

Borrower:

THE OXFORD GROUP, INC.

By:

Donald J. McLachlan,
President

EXHIBIT B

Maximum Permitted Principal
Amount Outstanding

On each date set forth below, the maximum permitted principal amount which can be outstanding under the Credit Note shall be reduced by the aggregate amount of prepayments made to such date.

<u>Date</u>	<u>Maximum Permitted Principal Amount Which Can Be Outstanding</u>
Through February 28, 1989	\$5,600,000
March 1, 1989	\$5,500,000
April 1, 1989	\$5,400,000
May 1, 1989	\$5,300,000
June 1, 1989	\$5,200,000
July 1, 1989	\$5,100,000
August 1, 1989	\$5,000,000
September 1, 1989	\$4,900,000
October 1, 1989	\$4,800,000
November 1, 1989	\$4,700,000
December 1, 1989	\$4,600,000
January 1, 1990	\$4,500,000
February 1, 1990	\$4,400,000
March 1, 1990	\$4,300,000
April 1, 1990	\$4,200,000
May 1, 1990	\$4,100,000
June 1, 1990	\$4,000,000
July 1, 1990	\$3,900,000
August 1, 1990	\$3,800,000
September 1, 1990	\$3,700,000
October 1, 1990	\$3,600,000
November 1, 1990	\$3,500,000
December 1, 1990	\$3,400,000
January 1, 1991	\$3,300,000
February 1, 1991	\$3,200,000
March 1, 1991	\$3,100,000
April 1, 1991	\$3,000,000
May 1, 1991	\$2,900,000
June 1, 1991	\$2,800,000
July 1, 1991	\$2,700,000
August 1, 1991	\$2,600,000
September 1, 1991	\$2,500,000
October 1, 1991	\$2,400,000
November 1, 1991	\$2,300,000
December 1, 1991	\$2,200,000
January 1, 1992	\$2,100,000
February 1, 1992	\$2,000,000
March 1, 1992	\$1,900,000

Maximum Permitted Principal Amount
Which Can Be Outstanding

April 1, 1992	\$1,800,000
May 1, 1992	\$1,700,000
June 1, 1992	\$1,600,000
July 1, 1992	\$1,500,000
August 1, 1992	\$1,400,000
September 1, 1992	\$1,300,000
October 1, 1992	\$1,200,000
November 1, 1992	\$1,100,000
December 1, 1992	\$1,000,000
January 1, 1993	\$ 900,000
February 1, 1993	\$ 800,000
March 1, 1993	\$ 700,000
April 1, 1993	\$ 600,000
May 1, 1993	\$ 500,000
June 1, 1993	\$ 400,000
July 1, 1993	\$ 300,000
August 1, 1993	\$ 200,000
September 1, 1993	\$ 100,000
October 1, 1993	\$ 000,000

EXHIBIT B
to
Secured Credit Agreement
dated as of December 28, 1988

LOCOMOTIVE LEASES

Attached as part of closing transcript.

EXHIBIT C
to
Secured Credit Agreement
dated as of December 28, 1988

FORM OF ACKNOWLEDGMENT OF
NOTICE AND ASSIGNMENT

TO: Irving Trust Company
One Wall Street
New York, NY 10015

Reference is made to the _____ Lease Agreement dated as of _____, 1988 (the "Lease") between The Oxford Group, Inc., an Illinois corporation ("Lessor") and _____, a _____ corporation ("Lessee") relating to the lease of the units of railroad locomotives, railroad cars or other railroad equipment described in Schedule A thereto. Words and phrases not otherwise defined herein shall have the meanings assigned thereto in the Lease.

Lessee has been notified by Lessor that Lessor assigned, transferred and granted a security interest in the Lease to Irving Trust Company (the "Bank") as collateral security for the obligations of the Lessor to the Bank under a Secured Credit Agreement between the Lessor and the Bank dated as of December 28, 1988.

Lessee, intending to be legally duly bound hereby and for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged by the Lessee, does hereby:

A. Acknowledge and consent to the assignment by Lessor to the Bank, for security purposes, all of Lessor's right, title, interest, claims and demands of Lessor in, to and under the Lease, including without limitation:

(i) the immediate and continuing right to receive and collect all rent, casualty value payment, insurance proceeds and other payments, tenders and security now or hereafter payable to or receivable by Lessor as lessor under the Lease;

(ii) the right to make all waivers and amendments and to enter into any agreements relating to the Lease or any provisions thereof; and

(iii) the right to take such action upon the occurrence of an Event of Default or a Default under the Lease as shall be permitted by the Lease or by law, and to do any and all other things whatsoever which Lessor is or may be entitled to do under the Lease.

B. Acknowledge and agree that, notwithstanding the assignment of the Lease for security purposes by Lessor to the Bank, the Bank has not assumed and does not assume the responsibility to discharge or perform any liability, duty or obligation of Lessor to be performed under the Lease and the Lessee agrees that it shall look solely to the Lessor for the discharge, performance or satisfaction of any such liability, duty or obligation.

C. Represent and warrant that the Lease and this Acknowledgment of Notice and Assignment have been duly authorized, executed and delivered by the Lessee and constitute the legal, valid and binding agreements of the Lessee enforceable against the Lessee in accordance with their respective terms.

D. Represent and warrant that no Event of Default, or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default under the Lease has occurred and is continuing.

E. Represent and warrant that it has made no prepayment of rental to the Lessor and that no offset or deduction exists with respect to Lessee's obligation to pay rental, casualty value or any other sums payable by the Lessee under and pursuant to the terms of the Lease.

F. Upon notice from Irving Trust Company, agree to make all payments to be made by it under the Lease directly to the Bank at the following address, or such other address as the Bank shall notify to Lessee in writing:

Irving Trust Company
One Wall Street
New York, NY 10015

G. Represent and warrant that the document attached as Exhibit A hereto is a true, correct and complete copy of the Lease, that such document has not since the date of its execution and delivery been amended or modified in any respect, that the Lease sets forth the entire Agreement between the Lessor and Lessee with respect to the subject matter thereof.

The Bank agrees to make the original, executed copy of the Lease, if such document is in the Bank's possession, available to the Lessee in any proceeding in which such copy is reasonably necessary to permit the Lessee to enforce the Lease.

This Acknowledgment of Notice and Assignment, when accepted by the Bank by signing the acceptance hereof, shall be deemed to be a contract under the laws of the State of New York and for all purposes, shall be construed in accordance with the internal laws (as opposed to conflicts of law provisions) and decisions of such state.

By: _____

Attest:

Its:

Dated: _____

ACCEPTED AND AGREED TO:

IRVING TRUST COMPANY

By: _____