

CRAVATH, SWAINE & MOORE 12695

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INTERSTATE COMMERCE COMMISSION

12695  
RECORDATION NO. Filed 1425

No. 0-366 A023  
Date DEC 31 1980  
Fee \$ 150.00

DEC 31 1980 -9 5 AM

ICG Washington, D.C.

December 24, 1980

INTERSTATE COMMERCE COMMISSION

The Dow Chemical Company

Lease Financing Dated as of December 1, 1980

14% Secured Notes Due January 2, 1999

Dear Ms. Mergenovich:

Pursuant to 49 U.S.C. § 11303 and the Commission's rules and regulations thereunder, as amended, I enclose herewith on behalf of The Dow Chemical Company for filing and recordation counterparts of the following agreements:

- (1) Trust Indenture and Security Agreement dated as of December 1, 1980, between Valley Bank Leasing, Inc., as Owner, and Mercantile-Safe Deposit and Trust Company, as Trustee.
- (2) Bill of Sale dated as of December 31, 1980, from The Dow Chemical Company, as Seller, to Valley Bank Leasing, Inc., as Buyer.
- (3) Lease of Railroad Equipment dated as of December 1, 1980, between The Dow Chemical Company, as Lessee, and Valley Bank Leasing, Inc., as Lessor.

The names and addresses of the parties to the aforementioned agreements are as follows:

*Robert W. Weeks*  
*New number*  
- A  
- B  
*Overly*

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DOCKET FILES  
BRANCH

## (1) Lessee-Seller:

The Dow Chemical Company  
2020 Dow Center  
Midland, Michigan 48640.

## (2) Trustee:

Mercantile-Safe Deposit and Trust Company  
2 Hopkins Plaza  
Baltimore, Maryland 21203

## (3) Owner-Buyer-Lessor

Valley Bank Leasing, Inc.,  
234 North Central Avenue  
Phoenix, Arizona 85004.

Please file and record the documents referred to in this letter and index them under the names of the Lessee-Seller, the Trustee and the Owner-Buyer-Lessor.

The equipment covered by the aforementioned documents appear on Exhibit A attached hereto, and also bears the legend "Ownership Subject to a Security Agreement filed with the Interstate Commerce Commission".

There is also enclosed a check for \$150 payable to the Interstate Commerce Commission, representing the fee for recording the Trust Indenture and Security Agreement, Bill of Sale, and the Lease of Railroad Equipment.

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

*Jeffrey M Stein*

Jeffrey M. Stein  
As Agent for The Dow Chemical  
Company

Agatha L. Mergenovich, Secretary,  
Interstate Commerce Commission,  
Washington, D. C. 20423

Encls.

**Interstate Commerce Commission**

**Washington, D.C. 20423**

**12/31/80**

**OFFICE OF THE SECRETARY**

**Jeffrey M. Stein  
Cravath, Swaine & Moore  
One Chase Manhattan Plaza  
New York, N.Y. 10005**

Dear **Sir:**

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on **12/31/80** at **9:55am**, and assigned recordation number(s).

**1269, 1269-A & 1269-B**

Sincerely yours,

*Agatha L. Mergenovich*  
Agatha L. Mergenovich  
Secretary

Enclosure(s)

12695

RECORDATION NO. .... Filed 1426

DEC 31 1980 -9 -5 AM

INTERSTATE COMMERCE COMMISSION

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[CS&M Ref. 2044-082]

TRUST INDENTURE AND SECURITY AGREEMENT

Dated as of December 1, 1980

Between

VALLEY BANK LEASING, INC.,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,  
Trustee

---

14% Secured Notes due January 2, 1999

[Sale and Leaseback of Covered Hopper Cars]

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TRUST INDENTURE AND SECURITY AGREEMENT  
dated as of December 1, 1980, between VALLEY  
BANK LEASING, INC. (the "Owner"), and  
MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY  
(the "Trustee").

Pursuant to the Participation Agreement (capitalized terms used herein having the meanings specified in Section 1 hereof), the Owner has agreed to purchase the Units from the Lessee. The Units will be leased back by the Lessee from the Owner pursuant to the Lease.

The Purchasers have agreed, pursuant to the Participation Agreement, to provide financing for 75.5% of the cost of the Units by purchasing the Owner's 14% Secured Notes due January 2, 1999, to be issued pursuant to this Indenture in an aggregate principal amount not to exceed \$8,449,582.50.

In order to induce the Purchasers to purchase the Notes, the Owner desires to grant to the Trustee a security interest in the Units and to assign to the Trustee for security purposes the rights (other than those hereinafter specifically excluded) of the Owner in, to and under the Lease.

NOW, THEREFORE, in consideration of the agreements and the covenants hereinafter contained, the parties hereto hereby agree as follows:

GRANTING CLAUSE

The Owner does hereby grant, bargain, sell, release, convey, assign, transfer, mortgage, hypothecate, pledge, create a security interest in, set over and confirm unto the Trustee, its successors and assigns, the following described property, rights and privileges (hereinafter collectively called the "Trust Indenture Estate"):

(1) all right, title and interest of the Owner in and to the Units, including, without limitation, all additions, alterations or modifications thereto or replacements of any part thereof, whether such Units, additions, alterations, modifications or replacements are now owned or hereafter acquired by the Owner,

including, without limitation, any security interest therein of the Trustee which may be deemed to be created by the Lease;

(2) all the Owner's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Owner from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty or termination payment, indemnity, liquidated damages, or otherwise, and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Owner is or may become entitled to do under the Lease; provided, however, that there are specifically exempted and reserved from the Trust Indenture Estate the following described properties, rights, interests and privileges: (i) any amounts of indemnity payable to the Owner (except amounts intended to satisfy the Owner's obligations hereunder) pursuant to Sections 6 and 9 of the Lease (including interest thereon under Section 16 of the Lease), (ii) any amounts of indemnity payable under the Indemnity Agreement, (iii) the rights of the Owner enumerated in Section 5.08 hereof and (iv) any insurance proceeds payable to the Owner under the public liability policies maintained by the Lessee pursuant to Section 7 of the Lease;

(3) all the Owner's right, title and interest in and to the Bill of Sale;

(4) all moneys and securities deposited or required to be deposited with the Trustee pursuant to any term of this Indenture or the Lease and held or required to be held by the Trustee hereunder;

(5) all rents, issues, profits, products, revenues and other income of all property from time to time on or after the date of this Indenture subjected or required to be subjected to the lien of this Indenture, and all right, title and interest of every nature whatsoever of the Owner in and to the same and every part thereof; and

(6) all proceeds of the foregoing.

The assignment and security interest created by the foregoing shall attach upon the delivery of this Indenture. Concurrently with the delivery hereof, the Owner is delivering to the Trustee the executed original counterpart of the Lease.

TO HAVE AND TO HOLD all the aforesaid property unto the Trustee, its successors and assigns in trust for the benefit and security of the holders from time to time of the Notes without any priority of any one Note over any other except as herein otherwise expressly provided, and for the uses and purposes and subject to the terms and provisions set forth in this Indenture, and the Owner hereby binds itself and its successors and assigns, to warrant and forever defend to the Trustee and its successors and assigns the aforesaid property.

PROVIDED, HOWEVER, that if the principal, premium, if any, interest and any other amounts to become due in respect of all the Notes and all other amounts due any holder of a Note at the time and in the manner required hereby and by the Notes, the Lease and the Participation Agreement shall have been paid and the Owner and the Lessee shall have performed and complied with all the covenants, agreements, terms and provisions to be performed or complied with by them hereunder or thereunder and there shall exist no Indenture Default or Indenture Event of Default, then this Indenture and the rights hereby granted and assigned shall terminate and cease; otherwise to remain in full force and effect.

Accordingly, the Owner, for itself and its successors and assigns, agrees that all the Notes are to be issued and delivered, and that all property subject or to become subject hereto is to be held, subject to the further covenants, conditions, uses and trusts hereinafter set forth, and the Owner, for itself and its successors and assigns, hereby covenants and agrees with the Trustee, for the benefit and security of the holders from time to time of the Notes, and the Trustee agrees to accept the trusts and duties hereinafter set forth, as follows:

## SECTION 1. DEFINITIONS

SECTION 1.01. Definitions. Unless the context otherwise requires, for all purposes of this Indenture the following terms shall have the following meanings:

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

"Business Day" shall have the meaning given in the Lease.

"Bill of Sale" shall have the meaning given in the Lease.

"Casualty" shall mean a Casualty Occurrence as defined in the Lease.

"Closing Date" shall have the meaning given in the Participation Agreement.

"Collateral" shall mean all the tangible properties included in the Trust Indenture Estate.

"Corporate Trust Office" shall mean the principal corporate trust office of the Trustee, which, until notice of a change of address of such office is given by the Trustee, shall be at 2 Hopkins Plaza, P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department.

"Declaration of Default" shall have the meaning given in Section 4.01.

"Indemnity Agreement" shall mean the Tax Indemnity Agreement dated as of the date hereof between the Lessee and the Lessor, as the same may from time to time be amended or supplemented.

"Indenture Default" shall mean an event or condition which after notice or lapse of time, or both, would become an Indenture Event of Default.

"Indenture Event of Default" shall have the meaning given in Section 4.01.

"Investments" shall mean (i) direct obligations

of the United States of America or obligations for which the full faith and credit of the United States of America is pledged to provide for the payment of principal and interest, (ii) certificates of deposit or banker's acceptances of domestic commercial banks having total assets in excess of \$1,000,000,000, other than those of Mercantile-Safe Deposit and Trust Company, and (iii) repurchase agreements of either of the above, in each case maturing in not more than 90 days from the date of such investment.

"Lease" shall mean the Lease of Railroad Equipment dated as of the date hereof between the Owner and the Lessee, as the same may from time to time be amended or supplemented.

"Lessee" shall mean The Dow Chemical Company, a Delaware corporation, and its successors and assigns permitted by the Lease.

"Majority in Interest of Note Holders" shall mean, as of a particular date of determination, the holders of at least 66-2/3% in aggregate principal amount of all Notes outstanding as of such date (excluding any Notes then held by the Owner or the Lessee or any Affiliate of either thereof unless all Notes then outstanding are held by the Owner and its Affiliates).

"Notes" shall mean the 14% Secured Notes due January 2, 1999, of the Owner issued hereunder.

"Owner" shall mean Valley Bank Leasing, Inc., an Arizona corporation, and any successor complying with the provisions of Section 5 of the Participation Agreement.

"Participation Agreement" shall mean the Participation Agreement dated as of the date hereof among the Lessee, the Owner and the Purchasers, as the same may from time to time be amended or supplemented.

"Purchase Price" shall have the meaning given in the Participation Agreement.

"Purchasers" shall mean State of Wisconsin Investment Board, and Lutheran Brotherhood.

"Termination" shall have the meaning given in the Lease.

"Trustee" shall mean Mercantile-Safe Deposit and Trust Company, a Maryland corporation, in its capacity as trustee under this Indenture, and its successors and assigns permitted by Section 7.08.

"Trust Indenture Estate" shall have the meaning given in the Granting Clause hereof.

"Units" shall mean the units of railroad equipment described in Schedule I hereto and any Improvement (as defined in the Lease) relating thereto which becomes the property of the Owner pursuant to § 9 of the Lease; provided, however that any such units which shall not have been acquired by the Owner pursuant to the Participation Agreement on or prior to December 30, 1980, shall be excluded from this Indenture and not included in the term "Units".

## SECTION 2. THE NOTES

SECTION 2.01. Creation of the Notes. The Notes shall be issued hereunder and secured hereby. Except as otherwise provided in Section 2.09, the aggregate principal amount of Notes which may be outstanding at any one time hereunder shall be limited to \$8,449,582.50.

SECTION 2.02. Execution and Authentication of Notes. Each Note issued hereunder shall be executed and delivered on behalf of the Owner by its officers thereunto duly authorized, shall be dated the Closing Date and shall be in denominations of not less than \$250,000. Any Note may be signed and sealed by a person who, at the actual date of the execution of such Note, is an officer of the Owner although at the nominal date of such Note such person may not have been an officer of the Owner. No Note shall be secured by or entitled to any benefit under this Indenture or be valid or obligatory for any purpose unless there appears thereon a certificate of authentication in the form provided for in Section 2.03 executed by the Trustee by the manual signature of one of its authorized officers, and such certificate upon any Note shall be

conclusive evidence that such Note has been duly authenticated and delivered hereunder.

SECTION 2.03. Form of Notes. The Notes shall be in substantially the form set forth below:

[FORM OF NOTE]

\$

No.

VALLEY BANK LEASING, INC.

14% SECURED NOTE DUE JANUARY 2, 1999

(SECURED BY LEASE OBLIGATIONS OF THE DOW CHEMICAL COMPANY)

VALLEY BANK LEASING, INC. (the "Owner"), hereby promises to pay to or registered assigns, the principal sum of \$ , together with interest on the unpaid principal amount from the date of this Note until payment in full of such principal amount at the rate of 14% per annum (computed on the basis of a 360-day year of 12 30-day months), which principal and interest shall be payable as follows: principal and interest payments shall be made in 36 consecutive semiannual installments on July 2 and January 2 in each year commencing July 2, 1981, calculated so that the amount of principal and interest payable on each such date shall be in proportion to the amount of principal and interest set forth in respect of such date in Schedule II to the Indenture hereinafter referred to and such installments of principal shall completely amortize the principal amount of this Note; provided, however, that the amount of interest payable on any January 2 may, at the option of the Owner, be prepaid on the last Business Day (as defined in the Indenture) of the next preceding calendar year.

Interest on any overdue principal and (to the extent permitted by applicable law) any overdue interest shall be paid, on demand, for the period from and including the due date to but excluding the date paid, at the rate of 15% per annum (computed on the basis of a 360-day year of 12 30-day months). If any payment due hereon is payable on other than a Business Day, such payment shall be payable on the next day which is a Business Day.

The Owner agrees to prepay this Note as contemplated by Section 3.02 of the Trust Indenture and Security Agreement dated as of December 1, 1980 (the "Indenture"), between the Owner and Mercantile-Safe Deposit and Trust Company, as trustee thereunder (in such capacity, the "Trustee"). The Owner may also prepay this Note as contemplated by Section 4.02 of the Indenture. This Note is not otherwise subject to prepayment.

Principal, premium, if any, and interest shall be payable in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, at the principal corporate trust office of the Trustee, which at the date hereof is located at 2 Hopkins Plaza, Baltimore, Maryland, or as otherwise provided in Section 2.06 of the Indenture.

All payments to be made by the Owner hereunder and under the Indenture shall be made only from the Trust Indenture Estate (as defined in the Indenture) and each holder hereof, by its acceptance of this Note, agrees that it will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to the holder hereof as provided in the Indenture, and that except as expressly provided in the Indenture the Owner shall not be personally liable to the holder hereof for any amounts payable under this Note or the Indenture or for any liability under the Indenture.

The Trust Indenture Estate has been assigned and pledged to the Trustee under the Indenture as security for the Notes. Reference is hereby made to the Indenture for a statement of the rights of the holders of, and the nature and extent of and limitations in the security for, the Notes and of certain rights and obligations of the Owner as well as for a statement of the terms and conditions of the trusts created by the Indenture, to all of which terms and conditions each holder hereof agrees by its acceptance of this Note.

There shall be maintained a register for the purpose of registering Notes and transfers and exchanges thereof, in the manner provided in Section 2.08 of the Indenture, at the said office of the Trustee. Transfer of

this Note is registrable, as provided in the Indenture, upon surrender of this Note for registration of transfer duly endorsed by, or accompanied by a written instrument of transfer duly executed by, the registered holder hereof or his attorney duly authorized in writing. Prior to due presentment for registration of transfer of this Note, the Owner and the Trustee may treat the person in whose name this Note is registered as the absolute owner and holder hereof for the purpose of receiving payment and for all other purposes, and the Owner and the Trustee shall not be affected by any notice to the contrary.

Upon the occurrence of an Indenture Event of Default under and as specified in the Indenture, the principal hereof and the interest accrued and unpaid hereon may, under certain circumstances specified in the Indenture, become forthwith due and payable, which acceleration may thereafter terminate under certain circumstances specified in the Indenture.

Unless the certificate of authentication hereon has been executed by or on behalf of the Trustee by manual signature, this Note shall not be entitled to any benefit under the Indenture, or be valid or obligatory for any purpose.

IN WITNESS WHEREOF, the Owner has caused this Note to be executed in its corporate name by its duly authorized officers as of the date hereof.

Dated:

VALLEY BANK LEASING, INC.,

by \_\_\_\_\_

[Corporate Seal]

Attest:  
\_\_\_\_\_

[FORM OF TRUSTEE'S CERTIFICATE OF AUTHENTICATION]

This is one of the Notes referred to in the within-mentioned Indenture.

MERCANTILE-SAFE DEPOSIT AND  
TRUST COMPANY, as Trustee,

by

---

Authorized Officer

SECTION 2.04. Issuance and Terms of Notes. On the Closing Date the Owner will execute and the Trustee will authenticate and deliver to each Purchaser, as provided in the Participation Agreement, one or more Notes, each dated the Closing Date and registered in the name of such Purchaser or such other name or names as such Purchaser may specify to the Trustee at least five Business Days prior to the Closing Date, and having the terms set forth in Section 2.03. The Note or Notes issued to each Purchaser shall be in an aggregate principal amount equal to the amount provided in the Participation Agreement. The Trustee shall furnish to each holder of Notes at the time of issuance thereof a schedule showing the payments of principal and interest to be made thereon, calculated in accordance with Schedule II hereto.

SECTION 2.05. Payments from Trust Indenture Estate Only; No Personal Liability of Owner or Trustee. The Trustee and the holder of each Note, by its acceptance thereof, each agrees that, notwithstanding any other provision of this Indenture (including, but not limited to Section 4), the liability of the Owner for all amounts payable hereunder or under the Notes or for the performance of any obligation hereunder or thereunder (excluding only the amounts payable and obligations under Sections 5.02 and 5.03, the proviso in the last paragraph of Section 5.05, and Section 5.07) shall be payable only out of the Trust Indenture Estate, and that the Trustee and such holder will look solely to the income and proceeds from the Trust Indenture Estate to the extent available for distribution to the Trustee or such holder, as the case may be, as herein provided, for the satisfaction thereof. Subject to the foregoing, the Owner will duly and punctually pay or cause to be paid the principal of and premium, if any, and

interest on all Notes according to their terms and the terms of this Indenture.

SECTION 2.06. Method of Payment. The principal of and premium, if any, and interest on each Note will be payable at the Corporate Trust Office and will be paid by the Trustee by crediting the amount to be distributed to any holder of a Note to an account maintained by such holder with the Trustee or, if such an account is not maintained, by whichever of the following methods shall be specified by notice from such holder to the Trustee: (a) by making such payment to such holder in immediately available funds at the Corporate Trust Office, (b) if such holder is a bank or other institutional investor, by transferring such amount in immediately available funds to a banking institution designated in such notice with bank wire transfer facilities for the account of such holder with telephonic and/or written confirmation of payment, to the extent specified by such holder, or (c) by mailing a check for such amount to such holder at such address as such holder shall designate by notice to the Trustee (in the case of each Purchaser, its address specified in the Participation Agreement), in all cases in which such holder is a bank or other institutional investor without any presentment or surrender of such Note. So long as a Purchaser (or any nominee thereof) shall be the holder of a Note, all payments to it with respect to such Note shall be made in the manner provided in the Participation Agreement unless it shall have specified some other manner of payment by notice to the Trustee in accordance with the first sentence of this Section 2.06. Prior to due presentment for registration of transfer, the Trustee may deem and treat the person in whose name a Note shall be registered as the absolute owner and holder of such Note for the purpose of receiving payment of all amounts payable by the Trustee with respect to such Note and for all other purposes.

SECTION 2.07. Application of Payments. Each payment on any outstanding Note pursuant to clause "First" of Section 3.01 or 3.02 or clause "Third" of Section 3.05 shall be applied, first, to the payment of accrued interest (including interest on overdue principal and interest) on such Note to the date of such payment, and, second, to the payment of the principal and premium, if any, of such Note then due thereunder, any such payment of principal pursuant to clause "First" of Section 3.02 shall reduce pro rata

each payment of principal thereafter payable on such Note and any such payment of principal pursuant to clause "Third" of Section 3.05 shall reduce the payments of principal thereafter payable on such Note in inverse order of the maturity thereof.

SECTION 2.08. Transfer and Exchange of Notes.

The Trustee shall, on behalf of the Owner, maintain at the Corporate Trust Office a register for the purpose of registering Notes and transfers and exchanges of Notes. In order to effect a registration of transfer or exchange of a Note, such Note shall be surrendered to the Trustee at the Corporate Trust Office, duly endorsed by, or accompanied by a written instrument of transfer duly executed by, the registered holder thereof or his attorney duly authorized in writing, together with a specification of the denomination or denominations of the new Note or Notes to be issued in lieu thereof and, in the case of a surrender for registration of transfer, the name and address of the new holder or holders. Promptly upon receipt of such documents, the Owner shall execute, and the Trustee shall authenticate and deliver, a new Note or Notes in the same form and in the same aggregate original principal amount, bearing the same interest rate, and dated the same date as the Note or Notes surrendered, and registered in the name of such holder or holders as shall be specified in such specification. The Trustee shall make a notation on each new Note or Notes of the amount of all payments or prepayments of principal previously made on the old Note or Notes with respect to which such new Note or Notes are issued and the date to which interest on such old Note or Notes has been paid. All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Owner evidencing the same respective obligations, and entitled to the same security and benefits under this Indenture, as the surrendered Note or Notes with respect to which the new Note or Notes are issued.

SECTION 2.09. Mutilated, Destroyed, Lost or Stolen Notes. If any Note shall become mutilated, destroyed, lost or stolen, the Owner shall, upon the written request of the holder of such Note, execute in replacement thereof, and the Trustee shall authenticate and deliver, a new Note, in the same form, in the same original principal amount and dated the same date as the Note so mutilated, destroyed, lost or stolen. If the Note being replaced has become mutilated, such Note shall be surren-

dered to the Trustee. If the Note being replaced has been destroyed, lost or stolen, the holder of such Note shall furnish to the Owner and the Trustee (a) such security or indemnity as may be required by them to save the Owner and the Trustee harmless and (b) evidence satisfactory to the Owner and the Trustee of the destruction, loss or theft of such Note and of the ownership thereof, but, if the holder of such Note is a bank or other institutional investor holding not less than 10 percent in interest of the outstanding Notes, the written undertaking of such holder delivered to the Owner and the Trustee shall be sufficient security and indemnity.

SECTION 2.10. Payment of Expenses on Transfer. Upon the issuance of a new Note or Notes pursuant to Section 2.08 or 2.09, the Owner and the Trustee may require from the person requesting such new Note or Notes payment of a sum to reimburse the Owner and the Trustee for, or to provide funds for, the payment of any tax or other governmental charge in connection therewith and any charges and expenses connected with such tax or governmental charge paid or payable by the Owner or the Trustee.

SECTION 2.11. Notice of Prepayments. The Trustee shall give prompt notice of any payment of the Notes under Section 3.02 to all holders of the Notes as soon as the Trustee shall have knowledge that such payment is to occur, which notice shall specify the principal amount of and premium, if any, on the Notes held by such holder so to be prepaid and the date on which such prepayment is to occur.

### SECTION 3. RECEIPT, DISTRIBUTION AND APPLICATION OF INCOME FROM TRUST INDENTURE ESTATE

SECTION 3.01. Application of Rent. Except as otherwise provided in Section 3.04 or 3.05, each installment of rent paid pursuant to § 3 of the Lease, and any payment of interest on overdue installments of such rent pursuant to § 16 of the Lease, received by the Trustee shall be distributed by the Trustee on the date such payment is due from the Lessee (or as soon thereafter as such payment shall be received by the Trustee) in the following order of priority:

First, so much of such amounts as shall be

required to pay in full the aggregate amount of the payment or payments of principal and accrued interest (as well as any interest on overdue principal and, to the extent permitted by law, interest) then due and payable under the Notes shall be distributed to the holders of such Notes ratably, without priority of one over the other, in the proportion that the amount of such payment or payments then due and payable under each such Note bears to the aggregate amount of the payment then due and payable under all such Notes; and

Second, the balance, if any, of such amounts remaining thereafter shall be distributed to the Owner.

SECTION 3.02. Application of Casualty and Termination Payments. Except as otherwise provided in Section 3.04 or 3.05, any payment received by the Trustee pursuant to § 7 of the Lease as a result of a Casualty or Termination in respect of any Unit (including all amounts received from any governmental authority on account of any requisition or taking constituting a Casualty, and all proceeds of insurance against loss or damage to the Units received by the Trustee on account of any Casualty, in each case not distributable to the Lessee under the Lease) shall be distributed forthwith upon receipt by the Trustee in the following order of priority:

First, so much of such payment as shall be required to pay that portion of the aggregate unpaid principal amount of all Notes then outstanding that the Purchase Price for such Unit bears to the aggregate Purchase Price of all the Units then subject to the Lease, including such Unit, together with the applicable premium specified in Schedule III hereto if such payment shall have been made in respect of a Termination involving a determination by the Lessee pursuant to § 7 of the Lease that such Unit has become surplus to its need, plus all accrued but unpaid interest on such portion of the principal then being prepaid to the date of distribution (including interest on overdue principal and, to the extent permitted by law, interest) shall be distributed to the holders of all outstanding Notes ratably without priority of one over the other, in the proportion that the sum of the aggregate unpaid principal amount of the Notes held by each such holder, plus accrued but

unpaid interest thereon, bears to the sum of the aggregate unpaid principal amount of all outstanding Notes held by all such holders, plus accrued but unpaid interest thereon; and

Second, the balance, if any, of such amounts remaining thereafter shall be distributed to the Owner.

Promptly after any prepayment of Notes pursuant to this Section, the Trustee shall cause to be furnished to each holder of a Note a revised schedule of payments of principal and interest thereafter to be made, calculated in accordance with Schedule II hereto.

The Trustee's security interest in any Unit which suffers a Casualty or is the subject of a Termination shall be deemed to be discharged in full upon the prepayment of the Notes required pursuant to this Section in respect of such Casualty or Termination, and the Trustee shall execute and deliver to, or as directed in writing by, the Owner an appropriate instrument (in due form for recording) releasing such Unit from the lien of this Indenture.

SECTION 3.03. Application of Other Amounts.  
Except as otherwise provided in Sections 3.04 and 3.05,

(a) any indemnity payable to the Owner (except amounts intended to satisfy the Owner's obligations hereunder) pursuant to Sections 6 or 9 of the Lease received by the Trustee and any other payment received by the Trustee for which provision as to the application thereof is made in the Lease or in the Participation Agreement but not elsewhere in this Indenture shall be applied forthwith to the purpose for which such payment was made in accordance with the terms of the Lease or the Participation Agreement, as the case may be;

(b) any payment received by the Trustee for which no provision as to the application thereof is made in the Participation Agreement, the Lease or elsewhere in this Section 3 shall be held by the Trustee as part of the Trust Indenture Estate;

(c) all payments received and amounts realized by the Trustee under the Lease or otherwise with respect to the Collateral (including, without limitation, all amounts realized upon the sale or lease of the Collateral after the termination of the Lease), to the extent received or realized at any time after

payment in full of the principal of and interest on all Notes issued hereunder and all other amounts due the Trustee or the holders of such Notes hereunder or under the Lease or the Participation Agreement, as well as any other amounts remaining as part of the Trust Indenture Estate after such payment in full, shall be distributed forthwith by the Trustee in the order of priority set forth in Section 3.05, omitting clause "Third" thereof.

SECTION 3.04. Retention of Amounts by Trustee After Default. Except as otherwise provided in Section 3.05, all payments received and all amounts held or realized by the Trustee as part of the Trust Indenture Estate after an Indenture Default or Indenture Event of Default shall have occurred and be continuing (but before a Declaration of Default), shall be retained by the Trustee (to the extent not then required to be distributed pursuant to clause "First" of Section 3.01 or 3.02), as part of the Trust Indenture Estate until such time as there shall not be continuing any Indenture Default or Indenture Event of Default or until such time as the Trustee shall have received written instructions from a Majority in Interest of Note Holders to distribute such payments and amounts pursuant to the applicable provisions of Section 3.01, 3.02 or 3.03.

SECTION 3.05. Application of Payments After Declaration of Default. All payments received and all amounts held or realized by the Trustee as part of the Trust Indenture Estate (including any amounts realized by the Trustee from the exercise of any remedies pursuant to § 10 of the Lease or Section 4 hereof) after a Declaration of Default shall, so long as such Declaration of Default shall not have been rescinded, be distributed forthwith by the Trustee in the following order of priority:

First, so much of such payments (including indemnification payments) or amounts as shall be required to reimburse the Trustee for any unpaid fees for its services under this Indenture and any liability, tax, expense (including any legal or other expert fees and disbursements) or other loss incurred by it (to the extent incurred in connection with its duties as Trustee and to the extent not previously reimbursed by the Lessee) shall be distributed to the Trustee for application to itself;

Second, so much of such payments and amounts as shall be required to pay the then existing or prior holders of the Notes all amounts then payable to them under indemnification provisions hereof or of the Lease (including, without limitation, any payment or indemnity provided by such holders of Notes to the Trustee pursuant to Section 6.03 hereof or otherwise) shall be distributed to the then existing holders of Notes entitled (directly or through the predecessor holder or holders thereof) to payment under such provisions, ratably to each such holder, without priority of one such holder over the other, in the proportion that the amount of such payments to which each such holder is entitled bears to the aggregate amount of such payments to which all such holders are entitled;

Third, so much of such payments and amounts as shall be required to pay in full the aggregate unpaid principal amount of all Notes then outstanding plus all accrued but unpaid interest thereon to the date of distribution (including interest on overdue principal and, to the extent permitted by law, interest) shall be distributed to the holders of all outstanding Notes ratably, without priority of one over the other, in the proportion that the sum of the aggregate unpaid principal amount of the Notes held by each such holder, plus accrued but unpaid interest thereon, bears to the sum of the aggregate unpaid principal amount of all outstanding Notes held by all such holders, plus accrued but unpaid interest thereon; and

Fourth, the balance, if any, of such payments and amounts remaining thereafter shall be distributed to the Owner.

SECTION 3.06. Investment of Certain Payments Held by the Trustee. The Trustee will, upon the written direction of a Majority in Interest of Note Holders, invest and reinvest any moneys held by the Trustee pursuant to Section 3.03 or 3.04 in such Investments as may be specified in such direction. The Trustee shall not purchase any Investment at a price exceeding the par value thereof and shall not, except as provided in the following sentence, sell any Investment prior to maturity if the proceeds of such sale (including interest received on such

Investment) shall be less than the cost thereof (including accrued interest). The proceeds received upon the sale or at maturity of any Investment and any interest received on such Investment and any payment in respect of a deficiency contemplated by the following sentence shall be held and applied by the Trustee in the same manner as the moneys used to make such Investment, and any Investment may be sold (without regard to maturity date) by the Trustee whenever necessary to make any payment, prepayment or distribution required by this Section 3. If the proceeds received upon the sale or at maturity of any Investment (including interest received on such Investment) shall be less than the cost thereof (including accrued interest), the Owner will pay or cause to be paid to the Trustee an amount equal to such deficiency.

#### SECTION 4. DEFAULTS; REMEDIES OF TRUSTEE

SECTION 4.01. Occurrence of Indenture Event of Default. Any one of the following events or conditions shall constitute an Indenture Event of Default:

(a) the Owner shall default in the payment of any installment of principal, interest or premium, if any, on any of the Notes when the same shall become due and payable (irrespective of the provisions of Section 2.05 or any other provisions hereof limiting the liability of the Owner), whether at maturity or at a date fixed for payment or prepayment or by acceleration or otherwise, and such default shall continue for a period of 15 days; or

(b) any representation or warranty made by or on behalf of the Owner herein or in the Participation Agreement or any certificate delivered by it in connection with the transactions contemplated hereby, shall prove to have been false or incorrect in any material respect on the date as of which made; or

(c) the Owner (irrespective of the provisions of Section 2.05 or any other provisions hereof limiting the liability of the Owner) shall default in the performance of or compliance with any other covenant, condition or term contained in this Indenture or the Participation Agreement and such default shall continue for 30 days after the Trustee shall

have demanded in writing performance thereof; or

(d) any proceeding shall be commenced by or against the Owner for any relief which includes or might result in any modification of the obligations of the Owner hereunder or under the Participation Agreement under any bankruptcy or insolvency laws or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations shall not have been and shall not continue to be duly assumed in writing pursuant to a court order or decree by a trustee or trustees or receiver or receivers appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

(e) any Event of Default (as defined in the Lease) shall have occurred and be continuing under the Lease; provided, however, that an Event of Default under clause (A) of § 10 of the Lease shall not be deemed to be an Indenture Event of Default if (1) within 15 days following notice to the Owner by the Trustee of such an Event of Default, the Owner shall make payment of all amounts in default under said paragraph (a) hereunder, (2) there is no other Indenture Event of Default under this Section 4.01 and (3) not more than 3 such Events of Default shall have occurred and not more than 2 such Events of Default shall have occurred on consecutive dates;

then at any time after the occurrence of such an Indenture Event of Default the Trustee may, and upon the written request of a Majority in Interest of Note Holders shall, by written notice delivered to the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Trustee, declare (hereinafter called a "Declaration of Default") the entire unpaid principal amount of all the Notes then

outstanding, together with the interest thereon then accrued and unpaid, immediately due and payable, and upon any such declaration the same shall become and be due and payable immediately without further act or notice of any kind, together with interest from the date of such Declaration of Default at the rate of 15% per annum, to the extent legally enforceable, on any portion thereof overdue. In addition, if the Owner does not pay the entire amount of principal, interest and premium, if any (including interest, if any, on overdue payments of principal and interest), then due and payable on the Notes, within 15 days of such notice of Declaration of Default, the Trustee may, and upon the written request of a Majority in Interest of Note Holders shall, by written notice delivered to the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Trustee, subject to the proviso in the second paragraph of § 4 of the Lease relating to termination and to the Lessee's right of possession, use and assignment under § 12 of the Lease, cause the Lease immediately upon such notice to terminate (and the Owner acknowledges the right of the Trustee to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination; provided, however, that such termination shall not be in derogation of or impair the rights of the Owner to enforce compliance by the Lessee with any of its covenants and agreements under the Lease or to enforce any of its rights and remedies under § 10 of the Lease (subject to the Trustee's rights to repossess and sell the Units as provided herein), including the rights of the Owner to sue for and recover damages provided for in § 11(a) of the Lease upon the occurrence of an Event of Default under the Lease. Upon a Declaration of Default, subject to Section 2.05 hereof, the Trustee shall be entitled to recover judgment for the entire unpaid principal amount of the Notes so payable, with interest as aforesaid, and to collect such judgment out of any property of the Owner to the extent that such property is part of the Trust Indenture Estate, subject to the provisions of Section 2.05 hereof, wherever situated.

If at any time after the outstanding principal amount of the Notes shall have become due and payable by acceleration pursuant to this Section, and no judgment or decree for any amounts so becoming due and payable shall have been entered, and if (a) all amounts of principal and interest which are then due and payable in respect of all the Notes otherwise than pursuant to this Section shall have been paid in full, together with interest on all

such overdue principal and (to the extent permitted by applicable law) interest at the rate specified in the Notes and an amount sufficient to cover all costs and expenses of collection incurred by or on behalf of the holders of the Notes (including, without limitation, counsel fees and expenses and all expenses and reasonable compensation of the Trustee), and (b) every other Indenture Default (whether or not constituting an Indenture Event of Default) shall have been remedied, then a Majority in Interest of Note Holders may, by written notice or notices to the Owner, the Trustee and the Lessee, rescind and annul any Declaration of Default or notice of termination of the Lease, and their respective consequences, but no such rescission and annulment shall extend to or affect any subsequent Indenture Default or Indenture Event of Default or impair any right consequent thereon, and no such rescission and annulment shall require any holder of a Note to repay any principal or interest actually paid as a result of such acceleration.

SECTION 4.02. Remedies. Subject to the Lessee's rights of possession, use and assignment under §§ 4 and 12 of the Lease, at any time during the continuance of a Declaration of Default, the Trustee may and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Trustee, take or cause to be taken, by its agent or agents, immediate possession of the Units, or any part thereof, without liability to return to the Owner any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Section 4 expressly provided, and may remove the same from possession and use of the Owner or any other premises where the Units may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Owner, subject to all mandatory requirements of due process of law.

In case the Trustee shall demand possession of the Units pursuant to this Indenture and shall designate a reasonable point or points for the delivery of the Units to the Trustee, the Owner shall, at its own expense and risk:

(i) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to the Associa-

tion of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) cause the Units to be placed upon such storage tracks of the Lessee or, at the expense of the Owner, upon any other storage tracks, as the Trustee reasonably may designate;

(ii) permit the Trustee to store the Units on such tracks at the risk of the Owner without charge for rent or storage until the Units have been sold, leased or otherwise disposed of by the Trustee; and

(iii) cause the Units to be transported to any reasonable place on any lines of railroad or to any connecting carrier for shipment, all as directed by the Trustee.

During any storage period, the Owner will, at its own cost and expense, insure, maintain and keep each Unit in good order and repair and will permit the inspection of the Units by the Trustee, the Trustee's representatives and prospective purchasers, lessees and users. This agreement to deliver the Units and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and, upon application to any court of equity having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Owner requiring specific performance hereof. The Owner hereby expressly waives any and all claims against the Trustee and its agent or agents for damages of whatever nature in connection with any retaking of any Unit in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Trustee, with or without retaking possession thereof, at its election and upon reasonable notice to the Owner, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Collateral, or any part thereof, free from any and all claims of the Owner, the Lessee or any other party claiming from, through or under the Owner or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Trustee may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Owner should tender full payment of the total unpaid principal amount of the Notes, together with interest thereon accrued and unpaid, but without premium or penalty, and all other

payments due under this Indenture as well as expenses of the Trustee in retaking possession of, removing, storing, holding and preparing the Collateral for, and otherwise arranging for, the sale and the Trustee's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Trustee, the absolute right to the possession of, title to and property in the Collateral shall pass to and vest in the Owner. The proceeds of such sale or other disposition shall be applied as provided in Section 3.05.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Trustee may specify (unless the Trustee shall specify a different place or places, in which case the sale shall be held at such place or places as the Trustee may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Trustee may determine, so long as such sale shall be in a commercially reasonable manner. The Trustee, the Owner or the Lessee may bid for or become a purchaser of the Units or any part thereof, so offered for sale. The Owner and the Lessee shall be given written notice of such sale not less than 10 days prior thereto, by telegram or registered mail addressed as provided in Section 9.04. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 railroads or other persons have been solicited in writing to submit bids), it shall be subject to the rights of the Lessee and the Owner to purchase or provide a purchaser, within 10 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Trustee shall be the purchaser of the Collateral, it shall not be accountable to the Owner or the Lessee (except to the extent of surplus money received as hereinafter provided in this Section 4.02), and in payment of the purchase price therefor the Trustee shall be entitled to have credited on account thereof all or any part of sums due to the Trustee hereunder.

Each and every power and remedy hereby specifically given to the Trustee shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and

simultaneously and as often and in such order as may be deemed expedient by the Trustee. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Trustee in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Owner or the Lessee shall not otherwise alter or affect the Trustee's rights or the Owner's obligations hereunder. The Trustee's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Owner's obligations or the Trustee's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Trustee under the remedies herein provided, there shall remain any amount due to the Trustee or the holders of the Notes under the provisions of this Indenture or the Notes, the Owner shall pay the amount of such deficiency to the Trustee upon demand, together with interest thereon from the date of such demand to the date of payment at the rate of 15% per annum, and, if the Owner shall fail to pay such deficiency, the Trustee may bring suit therefor and shall, subject to the provisions of Section 2.05, be entitled to recover a judgment therefor against the Owner.

The Owner will pay all reasonable expenses, including attorneys' fees, incurred by the Trustee in enforcing its remedies under this Indenture. In the event that the Trustee shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Trustee may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment.

The foregoing provisions of this Section 4 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

## SECTION 5. AGREEMENTS OF OWNER

SECTION 5.01. Appointment of Trustee as Attorney. The Owner hereby constitutes the Trustee the

true and lawful attorney of the Owner irrevocably with full power (in the name of the Owner or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all moneys and claims for moneys due and to become due under or arising out of the Lease (to the extent that such moneys and claims constitute part of the Trust Indenture Estate), to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Trustee may deem to be necessary or advisable in the premises.

SECTION 5.02. Payment of Moneys to Trustee.

The Owner agrees that promptly on receipt thereof, it will transfer to the Trustee any and all moneys from time to time received by it constituting part of the Trust Indenture Estate for distribution or retention by the Trustee pursuant to this Indenture.

SECTION 5.03. Limitations on Actions of Owner.

Except as otherwise provided in Section 5.09 the Owner agrees that, except upon the instructions of the Trustee, it will take no action with respect to any part of the Collateral or the Trust Indenture Estate. The Owner warrants and represents that it has not assigned or pledged, and hereby covenants that, except as specifically provided in Section 5 of the Participation Agreement, it will not assign or pledge, so long as this Indenture shall remain in effect, any of its estate, right, title or interest hereby assigned to anyone other than the Trustee, and that except as provided or permitted in this Indenture, it will not (a) enter into any agreement amending or supplementing, or accept any payment from or settle or compromise any claim against the Lessee or any other person arising under, or submit or consent to the submission to arbitration of any dispute, difference or other matter arising under or in respect of, the Lease (except as contemplated by § 13 of the Lease) or (b) take or omit to take any action, the taking or omission of which might result in an alteration or impairment of this Indenture or the Lease or of any of the rights created hereby or thereby.

SECTION 5.04. Miscellaneous Covenants.

(a) Identification Marks. The Owner will cause each Unit to be kept numbered with the road number and marked in accordance with § 5 of the Lease. Except as permitted by § 5 of the Lease, the Owner will not allow the

name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership.

(b) Taxes. All payments to be made by the Owner hereunder will be free of expense to the Trustee for collection or other charges and will be free of expense to the Trustee and the holders of the Notes with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by net income, excess profits taxes and similar taxes) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Indenture or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called "Impositions"), all of which Impositions the Owner assumes and agrees to pay on demand in addition to the other payments to be made by it provided for herein. The Owner will also pay promptly all Impositions which may be imposed upon the Trust Indenture Estate or for the use or operation of the Units or upon the earnings arising therefrom (except as provided above) or upon the Trustee as such (except as provided above) and will keep at all times all and every part of the Trust Indenture Estate free and clear of all Impositions which might in any way affect the security interest of the Trustee or result in a lien upon any part of the Trust Indenture Estate; provided, however, that the Owner shall be under no obligation to pay any Impositions of any kind so long as it or the Lessee is contesting in good faith and by appropriate legal or administrative proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Trustee, adversely affect the security interest of the Trustee in the Collateral or the rights of the Trustee or the holders of the Notes under this Indenture. If any Impositions shall have been charged or levied against the Owner directly and paid by the Trustee, the Owner shall reimburse the Trustee upon presentation of an invoice therefor, and any amounts so paid by the Trustee shall be secured by and under this Indenture; provided, however, that the Owner shall not be obligated to reimburse the Trustee for any Impositions so paid unless the Trustee shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the

Trustee) or unless the Owner shall have approved in writing the payment thereof.

(c) Maintenance and Insurance. The Owner agrees that it will cause each Unit to be maintained in good operating order, repair and condition and cause to be maintained insurance of the type and amounts required to be maintained by the Lessee for the benefit of the Trustee pursuant to § 7(d) of the Lease.

(d) Reports and Inspections. On or before April 30 in each year, commencing with the year 1982, the Owner will cause to be furnished to the Trustee an accurate statement to the effect set forth in § 8 of the Lease. The Trustee shall have the right, by its agents, to inspect the Units and the Owner's records with respect thereto at such reasonable times as the Trustee may request during the term of this Indenture.

(e) Compliance with Applicable Laws. The Owner will, and will cause each lessee or user of the Units, to comply with all Applicable Laws (as defined in § 9 of the Lease); provided, however, that the Owner or the Lessee may, in good faith, contest the validity or application of any such Applicable Laws in any reasonable manner which does not, in the reasonable opinion of the Trustee, adversely affect the rights of the Trustee or the holders of the Notes under this Indenture. The Owner will also make or cause to be made all "legally required Improvements" (as defined in § 9 of the Lease).

(f) Indemnities. The Owner agrees to indemnify, protect and hold harmless the Trustee and each holder of a Note from and against all Indemnified Matters (as defined in § 9 of the Lease). This covenant of indemnity shall continue in full force and effect notwithstanding the payment of the Notes or the release of the security interest in the Collateral or any part thereof, or the termination of this Indenture in any manner whatsoever.

(g) Recording. The Owner will cause the filings, registrations, deposits, recordings and other acts referred to in § 15 of the Lease to be made or performed as provided therein; and will promptly cause to be furnished to the Trustee evidence thereof and an opinion of counsel with respect thereto satisfactory to the Trustee.

SECTION 5.05. Discharge of Liens. The Owner will pay or discharge any and all sums claimed by any party from, through or under the Owner or its successors or assigns which, if unpaid, might become a lien, charge or security interest on or with respect to the Trust Indenture Estate or any part thereof, or the Owner's interests in the Lease and the payments to be made thereunder, equal or superior to the Trustee's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Trustee, adversely affect the security interest of the Trustee in or to the Collateral or otherwise under this Indenture. Any amounts paid by the Trustee in discharge of liens, charges or security interests upon the Trust Indenture Estate shall be secured by and under this Indenture.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Section 5.05 shall be subject to the limitations set forth in Section 2.05 and the provisions of Section 5.09; provided, however, that the Owner will pay or discharge any and all taxes, claims, liens, charges or security interests claimed by any party from, through or under the Owner not arising out of the ownership of the Units or the transactions contemplated hereby (but including any tax liens arising out of the receipt of rentals and other payments under the Lease or the Participation Agreement), which, if unpaid, might become a lien, charge or security interest on or with respect to the Trust Indenture Estate or any part thereof, but the Owner shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not adversely affect the security interest of the Trustee in the Collateral or the rights of the Trustee or the holders of the Notes under this Indenture.

SECTION 5.06. Liability of Owner Under Other Documents. Except as otherwise expressly provided herein, and subject to the limitations contained in Section 2.05 hereof, the Owner shall remain liable under the Lease, the Participation Agreement, the Indemnity Agreement and the Notes to perform all the obligations assumed by it thereunder, all in accordance with and pursuant to the terms and provisions thereof.

SECTION 5.07. Notice of Defaults; Furnishing of Documents. In the event the Owner shall have knowledge of an Indenture Default or Indenture Event of Default, the Owner shall give prompt notice thereof to the Trustee. The Owner shall also furnish to the Trustee and to each holder of a Note, promptly upon receipt thereof, a duplicate or copy of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Owner under the Lease or the Participation Agreement, unless the Owner shall reasonably believe that the Trustee and each such holder shall have received copies thereof.

SECTION 5.08. Certain Rights of Owner. Notwithstanding any other provision of this Indenture: (a) the Owner shall have the right, but not to the exclusion of the Trustee, (i) to receive from the Lessee all notices, copies of all documents and all information which the Lessee is permitted or required to give or furnish to the "Lessor" pursuant to the Lease, (ii) to inspect the Units and the Lessee's records with respect thereto, (iii) to provide or obtain insurance pursuant to Section 7 of the Lease, (iv) to maintain, service and repair the Units pursuant to and take any action contemplated by Section 7 of the Lease and (v) with the consent of the Trustee and if an Indenture Event of Default shall not have occurred and be continuing, to consent to any amendment, modification or waiver of any provisions of the Lease; and (b) the Trustee will not, so long as no Indenture Default or Indenture Event of Default shall have occurred and be continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits under the Lease which are assigned and transferred by the Owner to the Trustee by this Indenture, except the right to receive and apply the amounts assigned to the Trustee under paragraph (2) of the Granting Clause hereof, and, subject to the terms of the Lease and this Indenture, the Owner may, so long as no Indenture Default or Indenture

Event of Default has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, that the Owner shall not, without the prior written consent of the Trustee, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

SECTION 5.09. Satisfaction of Undertakings. The obligations of the Owner under Sections 5.04 and 5.05 (other than the proviso in the last paragraph thereof) shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease so long as it is in effect. The Owner shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an Indenture Event of Default hereunder pursuant to Section 4.01. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Trustee.

## SECTION 6. DUTIES OF TRUSTEE

SECTION 6.01. Action upon Indenture Default or Indenture Event of Default. In the event the Trustee shall have knowledge of an Indenture Default or Indenture Event of Default, the Trustee shall give immediate telex or telegraphic notice thereof to the Owner, the Lessee and each holder of a Note (confirmed by written notice sent in the manner provided in Section 9.04). Subject to the terms of Section 6.03, the Trustee shall take such action, or refrain from taking such action, with respect to an Indenture Default or an Indenture Event of Default as the Trustee shall be instructed in writing by a Majority in Interest of Note Holders. If the Trustee shall not have received instructions as above provided within 20 days after notice of such Indenture Default or Indenture Event of Default shall have been mailed to the holders of the Notes, the Trustee shall, subject to instructions received pursuant to the preceding sentence, take such action or refrain from taking such action with respect to such Indenture Default or Indenture Event of Default as it shall determine to be advisable in the best interests of the holders of the Notes, and shall use the same degree of

care and skill in connection therewith as a prudent man would use under the circumstances in the conduct of his own affairs. For all purposes of this Indenture, in the absence of actual knowledge on the part of an officer in the Corporate Trust Department of the Trustee, the Trustee shall not be deemed to have knowledge of a default under the Participation Agreement, an Indenture Default, an Indenture Event of Default or that a prepayment is to occur under Section 3.02 unless notified in writing by the Owner, a holder of a Note or the Lessee.

SECTION 6.02. Action upon Instructions Generally. Subject to the terms of Sections 6.01 and 6.03, upon the written instructions at any time and from time to time of a Majority in Interest of Note Holders, the Trustee shall take such action or actions as may be specified in such instructions.

SECTION 6.03. Indemnification, etc. The Owner will from time to time, on demand, pay to the Trustee such compensation for its services hereunder as shall be agreed to by the Owner and the Trustee, or, in the absence of such agreement, reasonable compensation for such services.

The Trustee shall not be required to take any action or refrain from taking any action under Section 4, 6.01 (other than the first sentence thereof) or 6.02 unless it shall have been indemnified in manner and form satisfactory to the Trustee or unless, in the reasonable judgment of the Trustee, the indemnities of the Lessee shall be adequate for such purpose. The Trustee shall not be required to take any action under Section 4, 6.01 or 6.02, nor shall any other provision of this Indenture be deemed to impose a duty on the Trustee to take any action, if it shall have been advised by counsel that such action is contrary to the terms hereof or of the Lease or the Participation Agreement or is otherwise contrary to law or may result in personal liability to the Trustee.

SECTION 6.04. No Duties Except as Specified. The Trustee shall not have any duty or obligation to manage, control, use, sell, dispose of or otherwise deal with the Collateral or any other part of the Trust Indenture Estate, or otherwise to take or refrain from taking any action under, or in connection with, this Indenture, except (i) as expressly provided by the terms of this Indenture or (ii) as expressly provided in written instructions from a

Majority in Interest of Note Holders; and no implied duties or obligations shall be read into this Indenture against the Trustee.

## SECTION 7. THE TRUSTEE

### SECTION 7.01. Acceptance of Trusts and Duties.

The Trustee accepts the trusts hereby created and applicable to it and agrees to perform the same but only upon the terms of this Indenture, and agrees to receive and disburse all moneys constituting part of the Trust Indenture Estate in accordance with the provisions hereof. The Trustee shall not be answerable or accountable under any circumstances, except (a) for its own negligence or wilful misconduct and (b) in the case of the inaccuracy of any representation or warranty contained in Section 7.03, and the Trustee shall not be liable for any action or inaction of the Owner.

### SECTION 7.02. Absence of Certain Duties.

Except in accordance with written instructions or requests furnished pursuant to Section 6.01 or 6.02, the Trustee shall have no duty (a) to see to any registration, recording or filing of the Lease or this Indenture or to see to the maintenance of any such registration, recording or filing, (b) to see to any insurance on the Units or to effect or maintain any such insurance, whether or not the Lessee shall be in default with respect thereto, (c) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien of any kind owing with respect to, or assessed or levied against, any part of the Trust Indenture Estate, (d) to inquire into the failure to receive, or to confirm or verify, any financial statements of the Lessee or (e) to inspect the Units at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants under the Lease with respect to the Units. Notwithstanding the foregoing, the Trustee will furnish to each holder of a Note and to the Owner promptly upon receipt thereof, duplicates or copies of all reports, notices, requests, demands, certificates, financial statements and other instruments furnished to the Trustee hereunder or under the Lease unless the Trustee shall reasonably believe that each such holder and the Owner shall have received copies thereof.

### SECTION 7.03. No Representations or Warranties.

The Trustee makes (a) no representation or warranty,

express or implied, as to the title, value, compliance with plans or specifications, quality, durability, suitability, condition, design, operation, merchantability or fitness for use or for any particular purpose of any Unit, or any other representation or warranty whatsoever, express or implied, with respect to any of the Units whatsoever, and (b) no representation or warranty as to the validity, legality or enforceability of this Indenture, the Notes, the Lease or the Participation Agreement, or as to the correctness of any statement contained in any thereof, except to the extent that any such statement is expressly made therein by the Trustee, and except that the Trustee hereby represents and warrants to each holder of a Note and to the Owner that this Indenture has been executed and delivered by one of its officers who is or will be duly authorized to execute and deliver such documents on its behalf.

SECTION 7.04. No Segregation of Moneys; No Interest. Except as specifically provided herein, any moneys received by the Trustee hereunder need not be segregated in any manner except to the extent required by law and may be deposited under such general conditions as may be prescribed by law in the general banking department of the Trustee, and the Trustee shall not be liable for any interest thereon.

SECTION 7.05. Reliance; Agents; Advice of Counsel. The Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. As to the amount of any payment to which the holder of any Note is entitled pursuant to clause "Second" of Section 3.05, the Trustee may for all purposes hereof rely on a certificate of the holder of such Note. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Trustee may for all purposes hereof rely on a certificate of an authorized officer of the Owner or the Lessee, or signed by an authorized officer of a holder of a Note, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attor-

neys and may, at the expense of the Trust Indenture Estate (but subject to the priorities of payment set forth in Section 3), consult, as to matters of law, with independent counsel, as to matters of accountancy, with independent accountants or, upon the prior approval of a Majority in Interest of Note Holders, with other skilled persons to be selected and retained by it (other than persons regularly in its employ) as to matters within their particular competence, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion, within such person's area of competence, of any such counsel, accountants or other skilled persons, so long as the Trustee shall have exercised reasonable care in selecting such counsel, accountants or other skilled persons.

SECTION 7.06. Not Acting in Individual Capacity.

The Trustee acts hereunder solely as trustee as herein provided and not in its individual capacity; and all persons, other than the holders of Notes as provided in this Indenture, having any claim against the Trustee by reason of the transactions contemplated hereby shall, subject to the lien and priorities of payment as herein provided, look only to the Trust Indenture Estate for payment or satisfaction thereof.

SECTION 7.07. No Compensation from Holders of Notes or from Trust Indenture Estate. The Trustee agrees that it shall have no right against the holders of the Notes or, except as provided in Sections 3.05 and 4.02, the Trust Indenture Estate for any fee or other compensation for its services hereunder.

SECTION 7.08. Resignation or Removal of Trustee; Appointment of Successor.

(a) Resignation or Removal. The Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Owner, the Lessee and each holder of a Note, such resignation to be effective on the acceptance of appointment by the successor Trustee pursuant to the provisions of Section 7.08(b). In addition, a Majority in Interest of Note Holders may at any time remove the Trustee without cause by an instrument in writing delivered to the Owner and the Trustee, and the Owner shall give prompt written notification thereof to each holder of a Note. Such removal will

be effective on the acceptance of appointment by the successor Trustee pursuant to the provisions of Section 7.08(b). In the case of the resignation or removal of the Trustee, a Majority in Interest of Note Holders may appoint a successor Trustee by an instrument signed by such holders. If a successor Trustee shall not have been appointed within 30 days after such resignation or removal, the Trustee, the Owner or any holder of a Note may apply to any court of competent jurisdiction to appoint a successor Trustee to act until such time, if any, as a successor shall have been appointed by the holders of the Notes as above provided. The successor Trustee so appointed by such court shall immediately and without further act be superseded by any successor Trustee appointed by the holders of the Notes as above provided.

(b) Acceptance of Appointment. Any successor Trustee, whether appointed by a court or by a Majority in Interest of Note Holders, shall execute and deliver to the Owner, the Lessee, each holder of a Note and the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without further act, shall become vested with all the estates, properties, rights, powers and duties of the predecessor Trustee hereunder in the trusts hereunder applicable to it with like effect as if originally named the Trustee herein; but nevertheless upon the written request of such successor Trustee or a Majority in Interest of Note Holders, such predecessor Trustee shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed applicable to it, all the estates, properties, rights and powers of such predecessor Trustee, and such predecessor Trustee shall duly assign, transfer, deliver and pay over to such successor Trustee all moneys or other property then held by such predecessor Trustee hereunder.

(c) Qualifications. Any successor Trustee, however appointed, shall be a bank or trust company having a combined capital and surplus of at least \$50,000,000, and organized under the laws of the United States of America, any state thereof or the District of Columbia, if such an institution is willing, able and legally qualified to perform the duties of the Trustee hereunder upon reasonable or customary terms.

(d) Merger, etc. Any corporation into which the

Trustee may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation to which substantially all the corporate trust business of the Trustee may be transferred, shall, subject to the terms of Section 7.01(c), be the Trustee under this Indenture without further act.

## SECTION 8. AMENDMENTS

SECTION 8.01. Amendments. Any provision of this Agreement may be amended or waived by the Trustee with the written consent of a Majority in Interest of Note Holders; provided, however, that without the consent of the holders of 100% of the aggregate unpaid principal amount of the Notes then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of installments of principal or reduce the rate or extend the time of payment of interest with respect to the Notes without the consent of the holders of each Note so affected, or (2) reduce the percentage of the aggregate unpaid principal amount of Notes then outstanding, the holders of which are required to approve any amendment or to effect any waiver; provided further, however, that no such amendment or waiver shall modify the rights, duties or immunities of the Trustee without the prior written consent of the Trustee.

Any amendment or waiver in respect of the Lease may be consented to by the Trustee with the written consent of the holders of a Majority in Interest of Note Holders; provided, however, that, if such amendment or waiver would reduce the amount of or extend the time for payment of any rentals or other obligations under the Lease in a manner so as to affect the due and punctual payment of the principal of and premium, if any, and interest on the Notes and the other obligations of the Owner hereunder, the Trustee shall not consent thereto without the prior written approval of the holders of 100% of the aggregate unpaid principal amount of Notes then outstanding.

## SECTION 9. MISCELLANEOUS

SECTION 9.01. Termination of Indenture. This Indenture and the trusts created hereby shall terminate and

this Indenture shall be of no further force or effect upon satisfaction of the conditions set forth in the proviso to the Granting Clause hereof. Upon any such termination, the Trustee shall pay all moneys or other properties or proceeds constituting part of the Trust Indenture Estate (the distribution of which is not otherwise provided for herein) to the Owner, and the Trustee shall, upon request of the Owner and at its cost and expense, execute and deliver proper instruments acknowledging such termination and evidencing the release of the security interests created hereby. If this Indenture is terminated pursuant to this Section 9.01, the Trustee shall promptly notify the Lessee of such termination.

SECTION 9.02. Sale of Collateral by Trustee Binding. Any sale or other conveyance of the Collateral by the Trustee made pursuant to the terms of this Indenture or of the Lease shall bind the Owner and the holders of the Notes and shall be effective to transfer or convey all right, title and interest of the Owner and such holders in and to the Collateral. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such sale or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee.

SECTION 9.03. Indenture for Benefit of Parties and Holders of Notes Only. Nothing in this Indenture, whether express or implied, shall be construed to give to any person other than the parties hereto and the holders of the Notes any legal or equitable right, remedy or claim under or in respect of this Indenture, and this Indenture shall be for the sole and exclusive benefit of the parties hereto and the holders of the Notes.

SECTION 9.04. Notices. Unless otherwise specifically provided herein, all notices, requests, demands and other communications required or contemplated by the provisions hereof shall be in writing, and any such notice shall become effective, if delivered by hand when received, or if mailed on the third Business Day after deposit thereof in the mail addressed as required by Section 6.4 of the Participation Agreement.

SECTION 9.05. Immunities. No recourse shall be had in respect of any obligation due under this Indenture, or referred to herein, against any incorporator,

stockholder, director or officer, as such, past, present or future, of the parties hereto, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Indenture.

SECTION 9.06. Severability. Any provision of this Indenture 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, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 9.07. Written Changes Only. Subject to Section 7, no term or provision of this Indenture or any Note may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other person against whom enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof or of any Note shall be effective only in the specific instance and for the specific purpose given.

SECTION 9.08. Counterparts. This Indenture may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 9.09. Successors and Assigns. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the parties hereto and their respective successors and assigns and each holder of a Note. Any request, notice, direction, consent, waiver or other instrument or action by any holder of a Note shall bind the successors and assigns thereof.

SECTION 9.10. Headings; References, etc. The table of contents hereof and headings of the various sections and subsections herein are for convenience of reference only and shall not modify, define, expand or

limit any of the terms or provisions hereof. References herein to sections or subsections without reference to the document in which they are contained are references to this Indenture.

SECTION 9.11. Governing Law. This Indenture and the Notes shall in all respects be governed by, and construed in accordance with, the laws of the State of Maryland, including all matters of construction, validity and performance.

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

VALLEY BANK LEASING, INC.,

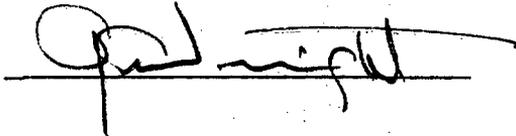
by



Vice President And  
General Manager

[Seal]

Attest:



MERCANTILE-SAFE DEPOSIT AND  
TRUST COMPANY,

by

Assistant Vice President

[Seal]

Attest:

Corporate Trust Officer

STATE OF *Arizona*, )  
 ) ss.:  
COUNTY OF *Maricopa*, )

On this *24<sup>th</sup>* day of December 1980 before me personally appeared *Allen C. Wilson*, to me personally known, who, being by me duly sworn, says that he is a Vice President And *General Manager* of VALLEY BANK LEASING, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

*Nora Sheets*  
\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission expires  
My Commission Expires Sept. 21, 1984

STATE OF MARYLAND, )  
 ) ss.:  
CITY OF BALTIMORE, )

On this \_\_\_\_\_ day of December 1980 before me personally appeared \_\_\_\_\_, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

\_\_\_\_\_  
Notary Public

[Notarial Seal]

My Commission expires

limit any of the terms or provisions hereof. References herein to sections or subsections without reference to the document in which they are contained are references to this Indenture.

SECTION 9.11. Governing Law. This Indenture and the Notes shall in all respects be governed by, and construed in accordance with, the laws of the State of Maryland, including all matters of construction, validity and performance.

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

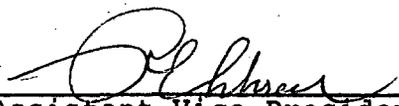
VALLEY BANK LEASING, INC.,

by \_\_\_\_\_

[Seal]

Attest:  
\_\_\_\_\_

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,

by 

Assistant Vice President

[Seal]

Attest:  


ASSISTANT Corporate Trust Officer



SCHEDULE I TO INDENTURE

Description of Units

<u>Quantity</u>	<u>Lessee's Identification Numbers (Inclusive)</u>	<u>Builder</u>	<u>AAR Mechanical Designation</u>
146	DOWX 5309-5454	ACF Industries, Incorporated	5.2 HO-1
51	DOWX 3112-3162	Pullman Incorporated	5.8 HO-1
9	DOWX 5507-5515	ACF Industries, Incorporated	5.2 HO-1
26	DOWX 5517-5542	ACF Industries, Incorporated	5.2 HO-1
12	DOWX 5545-5556	ACF Industries, Incorporated	5.2 HO-1
3	DOWX 5558-5560	ACF Industries, Incorporated	5.2 HO-1

SCHEDULE II  
to  
Indenture

Allocation Schedule of Each \$1,000,000  
Principal Amount of 14% Secured Notes  
due January 1, 1999

<u>Payment Date</u>	<u>Principal Payment</u>	<u>Interest Payment</u>	<u>Debt Service</u>	<u>Ending Principal</u>
July 2, 1981	\$ 1,324.50	\$ *	\$ **	\$998,675.50
January 2, 1982	3,530.68	69,907.28	73,437.96	995,144.82
July 2, 1982	-0-	69,660.14	69,660.14	
January 2, 1983	15,691.63	69,660.14	85,351.77	979,453.19
July 2, 1983	-0-	68,561.72	68,561.72	
January 2, 1984	17,888.46	68,561.72	86,450.18	961,564.73
July 2, 1984	-0-	67,309.53	67,309.53	
January 2, 1985	20,392.85	67,309.53	87,702.38	941,171.88
July 2, 1985	-0-	65,882.03	65,882.03	
January 2, 1986	23,247.85	65,882.03	89,129.88	917,924.03
July 2, 1986	-0-	64,254.68	64,254.68	
January 2, 1987	26,502.54	64,254.68	90,757.22	891,421.49
July 2, 1987	-0-	62,399.50	62,399.50	
January 2, 1988	30,212.90	62,399.50	92,612.40	861,208.59
July 2, 1988	-0-	60,284.60	60,284.60	
January 2, 1989	34,442.72	60,284.60	94,727.32	826,765.87
July 2, 1989	-0-	57,873.61	57,873.61	
January 2, 1990	39,264.69	57,873.61	97,138.30	787,501.18
July 2, 1990	-0-	55,125.08	55,125.08	
January 2, 1991	79,250.04	55,125.08	134,375.12	708,251.14
July 2, 1991	-0-	49,577.58	49,577.58	
January 2, 1992	90,345.05	49,577.58	139,922.63	617,906.09
July 2, 1992	-0-	43,253.43	43,253.43	
January 2, 1993	102,993.36	43,253.43	146,246.79	514,912.73
July 2, 1993	-0-	36,043.89	34,043.89	
January 2, 1994	117,412.42	36,043.89	153,456.31	397,500.31
July 2, 1994	-0-	27,825.02	27,825.02	
January 2, 1995	63,700.58	27,825.02	91,525.60	333,799.73
July 2, 1995	-0-	23,365.98	23,365.98	
January 2, 1996	65,974.75	23,365.98	89,340.73	267,824.98
July 2, 1996	-0-	18,747.75	18,747.75	
January 2, 1997	74,639.68	18,747.75	93,387.43	193,105.30
July 2, 1997	-0-	13,522.97	13,522.97	
January 2, 1998	80,171.96	13,522.97	93,694.93	113,013.34
July 2, 1998	-0-	7,910.93	7,910.93	
January 2, 1999	113,013.34	7,910.93	120,924.27	(-.00)
<b>TOTALS</b>	<b>\$1,000,000.00</b>	<b>\$1,728,937.53</b>	<b>\$2,728,937.53</b>	<b>(-.00)</b>

\* Interest accrued from the Closing Date to July 2, 1981.

\*\* \$1,324.50 plus interest accrued from the Closing Date to July 2, 1981.

SCHEDULE III  
to  
Indenture

Prepayment Premiums Relating to Terminations  
by Reason of Surplus

<u>If Termination occurs</u> <u>during 12-month period</u> <u>ending</u>	<u>Premium (as a per-</u> <u>centage of the</u> <u>principal amount of</u> <u>Notes being prepaid)</u>
January 1, 1992	7%
January 1, 1993	6
January 1, 1994	5
January 1, 1995	4
January 1, 1996	3
January 1, 1997	2
January 1, 1998	1
January 1, 1999	0