

EQUIPMENT TRUST AGREEMENT dated as of April 1, 1976 by and among Bank of America National Trust and Savings Association, a national banking association (hereinafter called the Trustee), UNITED STATES RAILWAY LEASING COMPANY, an Illinois corporation (hereinafter called the Company), UNITED STATES RAILWAY EQUIPMENT Co., an Illinois corporation (hereinafter called Equipment Co.) and U. S. RAILWAY MFG. Co., an Illinois corporation (hereinafter called Mfg. Co.).

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

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

WHEREAS United States Railway Leasing Company 10¼% Equipment Trust Certificates, Series 12 (hereinafter called the Trust Certificates), are to be issued and sold from time to time in an aggregate principal amount not exceeding \$9,550,000, and the proceeds of such sale are to be deposited in trust with the Trustee and are to constitute a fund to be known as UNITED STATES RAILWAY LEASING COMPANY EQUIPMENT TRUST, Series 12, to be applied by the Trustee from time to time in payment of the cost of the Trust Equipment, the remainder of the cost thereof, if any, to be paid out of advance rentals to be paid by the Company as provided herein; and

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

WHEREAS in addition to the guaranty of the Trust Certificates by the Company hereinafter referred to, Mfg. Co., which is the owner of all the outstanding stock of Equipment Co., and Equipment Co., which is the owner of all the outstanding stock of the Company, are entering into this Agreement and endorsing their guaranty on the Trust Certificates as an inducement to the purchase of the Trust Certificates by the purchasers thereof; and

WHEREAS the text of the Trust Certificates and the guaranty to be endorsed on the Trust Certificates by the Company, Equipment Co. and Mfg. Co. are to be substantially in the forms annexed hereto as Schedule B; and

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

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

ARTICLE ONE

DEFINITIONS

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

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

Company shall mean United States Railway Leasing Company and any successor or successors to it complying with the provisions of Section 4.09 or 6.05.

Corporate Trust Office shall mean the principal office of the Trustee in the State of California, City and County of San Francisco, at which the corporate trust business of the Trustee shall, at the time in question, be administered, which office is, on the date of execution of this Agreement, located at its Corporate Agency Division, 555 California Street, San Francisco, California 94104.

Cost, when used with respect to Equipment not built by the Company or any Affiliate of the Company, shall mean the actual cost thereof, and in respect of Equipment built by the Company or any Affiliate of the Company, shall mean so-called "car builder's cost", including

direct cost of labor and material and overhead, but excluding any manufacturing profit.

Deposited Cash shall mean the aggregate of (a) the proceeds from the sale of the Trust Certificates deposited with the Trustee pursuant to Section 2.01 hereof and, when required or indicated by the context, any Investments purchased by the use of such proceeds pursuant to the provisions of Section 8.04, and (b) any sums restored to Deposited Cash from rentals pursuant to Section 4.04(B)(1) and on deposit with the Trustee.

Equipment shall mean standard-gauge railroad equipment (other than passenger or work equipment), first put into use on or after January 1, 1974, except that, for the purposes of Sections 4.06 and 4.08, where railroad equipment is being conveyed to the Trustee (A) in replacement of Trust Equipment (i) sold or contracted to be sold by the Company or (ii) which has become worn out, lost, destroyed or unsuitable for use or (B) against the payment by the Trustee to the Company of cash deposited pursuant to Sections 4.06 or 4.08 in respect of Trust Equipment (i) so sold or contracted to be sold or (ii) which has become worn out, lost, destroyed or unsuitable for use, Equipment means standard-gauge railroad equipment (other than passenger or work equipment) irrespective of when first put into use.

Equipment Co. shall mean United States Railway Equipment Co. and any successor or successors to it complying with the provisions of Section 6.05.

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

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

Investments shall mean (i) certificates of deposit of commercial banks incorporated under the laws of the United States of America or any state thereof having a capital and surplus aggregating not less than \$50,000,000, (ii) open market commercial paper rated "Prime-1" or better by the NCO/Moody's Commercial Paper Division of Moody's Investors Service, Inc. or rated "A-1" or better by Standard & Poor's Corporation (or a comparable rating by any successor to their business) and (iii) bonds, notes or other direct obligations of the United

States of America or obligations for which the full faith and credit of the United States are pledged to provide for the payment of the interest and principal, in each case maturing within one year after the date of investment therein.

Mfg. Co. shall mean U. S. Railway Mfg. Co. and any successor or successors to it complying with the provisions of Section 6.05.

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

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

Owner shall mean the manufacturer, Company, Equipment Co., Mfg. Co. or other person transferring title to any of the Equipment to the Trustee.

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

Trust Certificates shall mean United States Railway Leasing Company 10¼% Equipment Trust Certificates, Series 12, issued hereunder.

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

Trustee shall mean Bank of America National Trust and Savings Association and, subject to the provisions of Article Eight, any successor as trustee hereunder.

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

ARTICLE TWO

TRUST CERTIFICATES AND ISSUANCE THEREOF

SECTION 2.01. *Issuance of Trust Certificates.* An amount equal to the proceeds of the sale of any of the Trust Certificates, but not less than the aggregate principal amount thereof, shall, forthwith upon the

issuance thereof, be deposited in cash with the Trustee by or on behalf of the Company. The amount of such proceeds shall be specified in an Officer's Certificate delivered to the Trustee concurrently with such deposit.

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

Subject to the provisions of Section 2.06 of this Agreement, the aggregate principal amount of Trust Certificates which shall be executed and delivered by the Trustee under this Section shall not exceed the sum of \$9,550,000, and the aggregate principal amount represented by all the Trust Certificates shall be payable as hereinafter set forth.

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

The Trust Certificates shall bear interest on the unpaid principal amount thereof at the rate of 10 $\frac{1}{4}$ % per annum with interest payable in each case on any overdue principal and interest at the rate of 11 $\frac{1}{4}$ % per annum. Interest on the Trust Certificates shall be payable semi-annually on May 1 and November 1 in each year commencing November 1, 1976. Interest on the Trust Certificates shall be calculated on the basis of a 360 day year of twelve 30-day months.

The aggregate principal amount of the Trust Certificates shall be payable in 15 consecutive equal annual instalments on May 1 in each year commencing May 1, 1977 through 1991. The Trust Certificates are issuable in any denomination equal to or greater than \$25,000 or, with the consent of the Company, in any denomination less than \$25,000.

The principal of and interest on the Trust Certificates shall be payable at the Corporate Trust Office in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, but only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions hereof. Notwithstanding the provisions of the preceding sentence of this paragraph, in the case of

payments of principal and interest to be made on a Trust Certificate not then to be paid in full, upon request and deposit of an agreement of the holder of such Trust Certificate (the responsibility of such holder to be satisfactory to the Company) obligating such holder, prior to any transfer or other disposition thereof, to surrender the same to the Trustee for notation thereon of the instalments of principal amount represented thereby theretofore paid in whole or in part, the Trustee will mail its check on the date each such payment is due to such registered holder at his address shown on the registry books maintained by the Trustee; *provided, however*, that this paragraph shall not apply to any of the original purchasers of the Trust Certificates who, at the time payments of principal or interest are to be made, are holders of Trust Certificates, and the Company may direct the Trustee by Request to make payments of principal and interest to the original purchasers of Trust Certificates or to any other purchaser approved by the Company by check or wire transfer of immediately available funds (to the extent the Company makes such funds available to the Trustee) at their "home office" address which address shall be supplied to the Trustee by the Company.

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

SECTION 2.04. *Execution by Trustee.* The Trust Certificates shall be signed in the name and on behalf of the Trustee by the manual or facsimile signature of its President or one of its Vice Presidents and its corporate seal or a facsimile thereof shall be affixed or imprinted thereon and attested by the manual signature of one of its Assistant Secretaries. In case any officer of the Trustee whose signature, whether facsimile or not, shall appear on any of the Trust Certificates shall cease to be such officer of the Trustee before the Trust Certificates shall have been issued and delivered by the Trustee or shall not have been acting in such capacity on the date of the Trust Certificates, such Trust Certificates may be adopted by the Trustee and be issued and delivered as though such person had not ceased to be or had then been such officer of the Trustee.

SECTION 2.05. *Characteristics of Trust Certificates.*

(a) The Trust Certificates shall be registered, as to both principal and interest, in the name of the holder; shall be transferable in whole

or in part and exchangeable for Trust Certificates of other denominations of equal aggregate outstanding principal amount upon presentation and surrender thereof for registration of transfer or exchange at the Corporate Trust Office, accompanied, in the case of transfer, by appropriate instruments of assignment and transfer, duly executed by the registered holder of the surrendered Trust Certificate or Certificates or by duly authorized attorney in fact, in form satisfactory to the Trustee; shall, in connection with the initial issuance of Trust Certificates, be dated as of the date of issue and shall, in connection with Trust Certificates issued in exchange for or upon registration of transfer of another Trust Certificate or Certificates, be dated as of the date to which interest has been paid or shall, if no interest has been paid thereon, be dated as of the date of initial issuance; and shall entitle the registered holder to interest from the date thereof. The Trustee shall, if any prepayment shall theretofore have been made pursuant to Section 4.08, endorse on each Trust Certificate issued upon registration of transfer or exchange a notation as to the fact that the instalments of principal thereon will be payable in instalments as set forth in such notation.

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

(c) The Trustee shall cause to be kept at the Corporate Trust Office books for the registration and registration of transfer of the Trust Certificates and, upon presentation of the Trust Certificates for such purposes, the Trustee shall register any transfer as hereinabove provided, and under such reasonable regulations as it may prescribe.

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

(e) Each Trust Certificate delivered pursuant to any provision of this Agreement in exchange for, or upon the registration of transfer of the whole or any part, as the case may be, of one or more other Trust Certificates shall carry all the rights to principal and to interest accrued and unpaid and to accrue, which were carried by the whole or such part,

as the case may be, of such one or more other Trust Certificates, and, notwithstanding anything contained in this Agreement, such Trust Certificate shall be so dated that neither gain nor loss in interest or principal shall result from such exchange, substitution or registration of transfer.

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

SECTION 2.06. *Replacement of Lost Trust Certificates.* In case any Trust Certificate shall become mutilated or defaced or be lost, destroyed or stolen, then on the terms herein set forth, and not otherwise, the Trustee shall execute and deliver a new Trust Certificate of like tenor and date, and bearing such identifying number or designation as the Trustee may determine, in exchange and substitution for, and upon cancelation of, the mutilated or defaced Trust Certificate, or in lieu of and in substitution for the same if lost, destroyed or stolen. The Company, Equipment Co. and Mfg. Co. shall execute their guaranty on any Trust Certificate so delivered. The applicant for a new Trust Certificate pursuant to this Section shall furnish to the Trustee and to the Company, Equipment Co. and Mfg. Co. evidence to their satisfaction of the loss, destruction or theft of such Trust Certificate alleged to have been lost, destroyed or stolen and of the ownership and authenticity of such mutilated, defaced, lost, destroyed or stolen Certificate, and also shall furnish such security or indemnity as may be required by the Trustee and by the Company, Equipment Co. and Mfg. Co. in their discretion, and shall pay all expenses and charges of such substitution or exchange. All Trust Certificates are held and owned upon the express condition that the foregoing provisions are exclusive in respect of the replacement of mutilated, defaced, lost, destroyed or stolen Trust Certificates and shall preclude any and all other rights and remedies, any law or statute now existing or hereafter enacted to the contrary notwithstanding.

ARTICLE THREE

ACQUISITION OF TRUST EQUIPMENT BY TRUSTEE; DEPOSITED CASH

SECTION 3.01. *Acquisition of Equipment by Trustee.* The Company, as speedily as may be, shall cause to be sold to the Trustee, as trustee for the holders of the Trust Certificates, all of the Equipment

described in Schedule A hereto, all of which the Company represents and warrants was new Equipment when first put into service and that none of the Equipment was put into service prior to January 1, 1974.

In the event that the Company shall deem it necessary or desirable to procure for the use of the Company, and to include in the trust hereby created, other new Equipment in lieu of any units of the Equipment specifically described in Schedule A hereto prior to the acceptance of such Equipment by the Trustee, or in the event that any unit of the Equipment described in Schedule A hereto shall suffer a Casualty Occurrence, as defined in Section 4.08, before being accepted by the Trustee pursuant to this Section and Section 3.04, the Company may cause to be sold to the Trustee such other Equipment (first put into service on or after January 1, 1974), to be substituted under the trust, in each case subject to compliance with the provisions of Section 3.04.

SECTION 3.02. *Payment of Deposited Cash.* From time to time, when and as any Equipment shall have been accepted by the Trustee pursuant to Section 3.01 and 3.04(a), the Trustee shall (subject to the provisions of Section 3.03) pay, upon Request, to the Owner of the accepted Equipment out of Deposited Cash then held by the Trustee an amount not exceeding 75% of the aggregate Cost of such Equipment, as such Cost is specified in the Officer's Certificate furnished to the Trustee pursuant to Section 3.04(b).

SECTION 3.03. *Payment of Deficiency.* The Company covenants that, contemporaneously with any payment by the Trustee pursuant to Section 3.02, if the Owner of the accepted Equipment shall not be the Company, it will either (a) pay to the Trustee the advance rental provided in Section 4.04 (A), and thereupon the Trustee shall, upon Request, pay to the Owner of the accepted Equipment, by the use of such advance rental, the portion of the aggregate Cost of such Equipment not paid out of Deposited Cash as provided for in Section 3.02 or (b) deliver to the Trustee an executed counterpart of a receipt from such Owner evidencing the direct payment by the Company to such Owner of that portion of the Cost of such Equipment equal to the amount of advance rental required to be paid to the Trustee pursuant to clause (a) of this sentence in respect of such Equipment. The intention of this Section is that the Company shall ultimately pay or absorb not less than 25% of the aggregate Cost of all the Equipment accepted by the Trustee as Trust Equipment pursuant to this Article Three, and the Trustee and the Company shall at any time, if occasion arises, adjust their accounts

and payments to the end that the Trustee shall pay with Deposited Cash not more than 75% of such aggregate Cost and the Company shall pay or absorb the remainder, to be not less than 25% of such Cost.

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

(a) a bill of sale covering such unit of Equipment from the Owner to the Trustee, which bill of sale shall specify such unit of Equipment described therein by number or numbers and shall contain a warranty or guaranty to the Trustee that the title of such unit of Equipment described therein is free from all claims, liens, security interests and other encumbrances (except as permitted by Section 6.02 and except for this Agreement and except for any lease permitted by Section 4.09 hereof) and the receipt of such bill of sale by the Trustee shall constitute acceptance by the Trustee hereunder of such unit of Equipment as Trust Equipment;

(b) an Officer's Certificate, which shall state (i) that such unit of Equipment is Equipment as herein defined, has been marked in accordance with Section 4.07 hereof and was not put into service prior to a date specified therein and (ii) that the Cost of such unit of Equipment is an amount therein specified or is not less than an amount therein specified;

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

(d) an Opinion of Counsel for the Owner to the effect that such bill of sale is valid and effective, either alone or in connection with any other instrument referred to in and accompanying such opinion, to vest in the Trustee title to such unit of Equipment free from all claims, liens, security interests and other encumbrances (except as permitted by Section 6.02 and except for this Agreement and except for any lease permitted by Section 4.09 hereof); and

(e) an opinion of Messrs. Rosenthal and Schanfield, counsel for the Company, or an opinion of other counsel satisfactory to the Trustee, to the effect that (i) this Agreement and any amendments thereto have been duly authorized, executed and delivered

by the Company and constitute, insofar as the Company is concerned, legal, valid and binding obligations, (ii) the Trustee is vested with a security interest in all rents, moneys and proceeds due or to become due under existing leases or leases hereinafter entered into or otherwise with respect to the Trust Equipment, (iii) this Agreement has been duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and (iv) no other filing or recordation or deposit is necessary (or will be necessary in the future, except as stated in such opinion) for the protection of the rights of the Trustee in and to such unit of Equipment, or this Agreement in any state of the United States of America or the District of Columbia.

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

If the aggregate Cost, as specified in the certificates theretofore delivered to the Trustee pursuant to this Section, of the Trust Equipment accepted by the Trustee pursuant to this Article Three shall be less than $133\frac{1}{3}\%$ of the aggregate principal amount of Trust Certificates issued pursuant to Section 2.01, the Company will cause to be assigned and transferred to the Trustee additional Equipment (first put into service on or after January 1, 1974) in such amount and of such Cost that the aggregate Cost of the Trust Equipment will be at least equal to $133\frac{1}{3}\%$ of the aggregate principal amount of said Trust Certificates, and will concurrently deliver to the Trustee the documents specified in paragraphs (a) through (e) of this Section with respect to such additional Equipment. If on or before June 15, 1976, such assignment or transfer is not made as aforesaid the Trustee shall apply the excess balance of Deposited Cash to the prepayment of Trust Certificates in like manner as is provided in the second paragraph of Section 4.08.

ARTICLE FOUR

LEASE OF TRUST EQUIPMENT TO THE COMPANY

SECTION 4.01. *Lease of Trust Equipment.* The Trustee does hereby let and lease all the Trust Equipment to the Company, for a period ending May 1, 1991.

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

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

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

(A) The Company shall pay to the Trustee as hereinafter provided, as advance rental hereunder, sums which in the aggregate shall be equal to the difference between the aggregate Cost of the Trust Equipment (other than Trust Equipment subjected hereto pursuant to Section 4.06) and the portion of such Cost to be provided out of Deposited Cash as provided for in Section 3.02 but only to the extent that such sums are required to be paid by the Company pursuant to Section 3.03 hereof.

(B) In addition to such advance rental the Company shall pay to the Trustee, as hereinafter provided, as rental for the Trust Equipment (notwithstanding that any of the Trust Certificates shall have been acquired by the Company or any Affiliate of the

Company or shall not have been presented for payment), the following:

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

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

(3) (a) the amounts of the interest payable on the Trust Certificates, when and as the same shall become payable, and (b) interest at the rate of $11\frac{1}{4}\%$ per annum from the due date, upon the amount of any instalments of rental payable under this and the following subparagraph which shall not be paid when due, to the extent legally enforceable; and

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

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

The Company shall not be required to pay any tax, assessment or governmental charge so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof, provided that, in the judgment of the Trustee and as set forth in an Opinion of Counsel which shall have been furnished to the Trustee, the rights or interests of the Trustee or of the holders of the Trust Certificates will not be materially endangered thereby.

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

SECTION 4.06. *Substitution, Replacement and Release of Trust Equipment.* Upon Request, the Trustee shall, at any time and from time to time, execute and deliver a bill of sale assigning and transferring to the transferee named by the Company all the right, title and interest of the Trustee in and to any or all of the units of Trust Equipment; *provided, however,* that (a) there shall be paid to the Trustee cash (including cash to be applied to prepayment of Trust Certificates pursuant to Section 6.07) in an amount not less than the value, as of the date of such Request, of the units of Trust Equipment to be assigned or transferred by the Trustee or (b) there shall be conveyed to the Trustee at the time of assignment or transfer of any units of Trust Equipment, other units of Equipment irrespective of when first put into use, of a value not less than the value of, as of the date of such Request, the units of Trust Equipment to be assigned or transferred and having an estimated useful life beyond May 1, 1991.

At the time of delivery of any Request pursuant to the first paragraph of this Section, the Company shall, if other Equipment is to be conveyed to the Trustee in substitution for the Trust Equipment to be assigned or transferred by the Trustee, deliver to the Trustee the following papers:

- (1) an Officer's Certificate stating (i) the value, as of the date of said Request, of the Trust Equipment so to be assigned or trans-

ferred by the Trustee and the date such Trust Equipment was first put into service (or that such Trust Equipment was first put into service not later than a specified date), (ii) the value of such substituted Equipment as of such date and the date such substituted Equipment was first put into service or that such substituted Equipment was first put into service not earlier than a specified date, (iii) that each unit so to be substituted is Equipment as herein defined, (iv) that each unit so to be substituted has an estimated useful life beyond May 1, 1991, (v) that each such unit so to be substituted has been marked as provided in Section 4.07 hereof, and (vi) that no default hereunder has occurred or is continuing;

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

(3) an Opinion of Counsel to the effect that (i) such bill or bills of sale are valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Trustee title to such substituted Equipment free from all claims, liens, security interests and other encumbrances (except as permitted by Section 6.02 and except for this Agreement and except for any lease permitted by Section 4.09 hereof) and (ii) that a proper supplement hereto in respect of each substituted unit of Equipment has been duly authorized, executed and delivered by the parties thereto and has been recorded with the Interstate Commerce Commission pursuant to the requirements of Section 20c of the Interstate Commerce Act.

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

Cash deposited with the Trustee pursuant to this Section or Section 4.08 shall, from time to time, be paid over by the Trustee to the Company upon Request, against conveyance to the Trustee of units of Equipment irrespective of when first put into use, having a value, as of the date of said Request, not less than the amount of cash

so paid and having an estimated useful life beyond May 1, 1991, and upon delivery to the Trustee of papers corresponding to those set forth in the second paragraph of this Section, with such appropriate modifications as may be approved by the Trustee; provided, however, that cash deposited with the Trustee to prepay Trust Certificates pursuant to Section 6.07 shall be applied by the Trustee for such purposes in accordance with the Request accompanying such payment.

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

(1) the value of any unit of Trust Equipment assigned or transferred by the Trustee as provided in this Section shall be deemed to be the greater of (a) the actual fair value thereof or (b) the Cost thereof as theretofore certified to the Trustee less 1/15 of such Cost for each full period of one year elapsed between (i) the later of May 1, 1976, and the date such unit was first put into use, as certified to the Trustee, and (ii) the date of the Request furnished pursuant to this Section; and

(2) the value of any unit of Equipment conveyed to the Trustee as provided in this Section shall be deemed to be the lesser of (a) the actual fair value thereof or (b) the original Cost of such unit less 1/15 of such Cost for each full period of one year elapsed between (i) the later of May 1, 1976 and the date such unit was first put into use, as certified to the Trustee, and (ii) the date of the Request furnished pursuant to this Section.

SECTION 4.07. *Marking of Trust Equipment.* The Company has caused each unit of Trust Equipment to be marked, and agrees that it will hereafter at all times and at its own cost and expense prepare and deliver to its lessees of the Trust Equipment the appropriate form of stencil for marking purposes and will forthwith exercise its rights and powers under all leases to direct such lessees thereunder to mark plainly, distinctly, permanently and conspicuously on each side of each unit of the Trust Equipment, in letters not less than one inch in height the following legend:

"TITLE TO THIS CAR SUBJECT TO DOCUMENTS RECORDED
UNDER SECTION 20c OF INTERSTATE COMMERCE ACT".

Such marks shall be such as to be readily visible. The Company will also promptly so mark each unit of the Trust Equipment not subject to a lease.

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

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

SECTION 4.08. *Maintenance of Trust Equipment; Casualty Occurrences.* The Company agrees that it will maintain or cause to be maintained and keep all the Trust Equipment in good order and proper repair at no cost or expense to the Trustee, unless and until it becomes worn out, unsuitable for use, lost, destroyed or damaged beyond economical repair (herein called a Casualty Occurrence). Whenever any unit of the Trust Equipment shall suffer a Casualty Occurrence the Company shall, within 30 days after it shall have been informed of such Casualty Occurrence, deliver to the Trustee an Officer's Certificate describing such Trust Equipment and stating the value to the Company thereof as of the date such Trust Equipment suffered such Casualty Occurrence. When the total value of all units of the Trust Equipment having suffered a Casualty Occurrence (exclusive of units having suffered a Casualty Occurrence in respect of which a payment shall have been made to the Trustee pursuant to this Section) shall exceed

\$50,000, the Company, within 30 days of such event, shall deposit with the Trustee an amount in cash equal to the value of such units as of the date of the Casualty Occurrence in respect of each thereof. The rights and remedies of the Trustee to enforce or to recover any of the rental payments shall not be affected by reason of such Casualty Occurrence. For all purposes of this paragraph, value shall be determined in the manner provided in subparagraph (1) of the last paragraph of Section 4.06. Cash deposited with the Trustee pursuant to this Section shall be held and applied at the election of the Company (as evidenced by a Request) either (i) as provided in the fourth paragraph of Section 4.06 or (ii) to prepay the principal of the Trust Certificates as hereinafter provided.

In the event the Company elects to apply moneys deposited pursuant to this Section to the prepayment of instalments of principal, such prepayment shall be made on the instalment date next succeeding the Request therefor and shall be allocated by the Trustee to each outstanding Trust Certificate, as near as may be, in the same proportion as the unpaid principal amount thereof bears to the aggregate unpaid principal amount of all the Trust Certificates and shall be credited against the instalments of principal due thereon, in the inverse order of maturity thereof.

The Company agrees to furnish to the Trustee, on or before April 1 in each year commencing with 1977, an Officer's Certificate dated as of the preceding December 31, (1) stating the amount, description and numbers of all Trust Equipment that may have suffered a Casualty Occurrence since the date of the last preceding statement (or the date of this Agreement in the case of the first statement), (2) identifying the units of Trust Equipment then being leased by the Company as permitted hereunder (including the name of the lessee, the term of the lease and the date of the agreement pursuant to which such Trust Equipment is leased) and specifying which units of Equipment are not then being leased by the Company and (3) certifying that the Company is not in default under any provision of this Agreement or specifying all such defaults and the action being taken by the Company to remedy the same.

SECTION 4.09. *Possession of Trust Equipment; Security Interest in Leases.* Except as provided in this Section, the Company will not assign or transfer its rights hereunder, or transfer or lease the Trust Equipment or any part thereof, without the written consent of the

Trustee first had and obtained; and the Company shall not, without such written consent, except herein permitted, part with the possession of, or suffer or allow to pass out of its possession or control, any of the Trust Equipment. An assignment or transfer to a solvent corporation which shall acquire all or substantially all of the property of the Company and which, by execution of an appropriate instrument satisfactory to the Trustee, shall assume and agree to perform each and all of the obligations and covenants of the Company hereunder and under the guaranty endorsed on the Trust Certificates shall not be deemed a breach of this covenant.

So long as the Company shall not be in default under this Agreement, the Company shall be entitled to the possession of the Trust Equipment, and also to maintain, modify, alter, amend, terminate or enter into leases of the Trust Equipment and to permit its use by, a lessee or user in the United States of America (or any state thereof or the District of Columbia) or in the Dominion of Canada or any Province or Territory thereof; *provided, however*, that the Company shall not enter into any leases or car contracts relating to the use of Trust Equipment with any lessee or user who is a railroad or a shipper incorporated or having its principal place of business in the Dominion of Canada or any province or territory thereof.

In the event that any of the Trust Equipment is subject to a purchase option under the terms of any lease covering such Trust Equipment, upon the exercise of such option, the Company shall, at its election, either (i) apply the proceeds of such purchase to the cost of other Trust Equipment of a value as determined pursuant to the first clause of the fifth paragraph of Section 4.06 not less than the value of, and with a useful life equivalent to, as of the date the option is exercised, the units of Trust Equipment sold pursuant to the purchase option and subjected to the lien of this Agreement, or (ii) deposit cash with the Trustee as additional security, to be held and invested by the Trustee, in an amount determined by multiplying 133% of the principal then outstanding on the Trust Certificates by a fraction, the numerator of which is the depreciated cost of units purchased pursuant to the option and the denominator of which is the depreciated cost of the total number of units, including the units so purchased, then subject to the lien of this Agreement. Any cash so deposited will be paid by the Trustee to the Company against conveyance to the Trustee of additional Equipment (other than passenger or work equipment), irrespective of when

first put into use having an equivalent fair value not less than the amount of cash so deposited and having an estimated useful life beyond May 1, 1991.

As security for the payment and performance of the obligations of the Company hereunder, the Company hereby grants, pledges and assigns unto the Trustee all of its rights, title and interest in and to all rentals, moneys and proceeds payable to or receivable by the Company with respect to any lease or otherwise existing as of the date hereof or to be entered into in the future with respect to any of the Trust Equipment; provided, however, that until an Event of Default under the Agreement, or any event which with notice or lapse of time or both, could constitute such an Event of Default, shall occur, it is understood that the Company shall be entitled to collect and receive all such rentals, moneys and proceeds.

SECTION 4.10 *Indemnity.* The Company covenants and agrees to indemnify the Trustee against any and all claims, liabilities or losses arising out of or connected with the ownership, lease or use of any of the Trust Equipment, and particularly against any and all claims, liabilities or losses arising out of the use of any patented inventions in and about the Trust Equipment, and to comply in all respects with the laws of the United States of America and of all the states and other jurisdictions in which the Trust Equipment, or any unit thereof, may be operated, and with all lawful acts, rules, regulations and orders of any commissions, boards and other legislative, executive, administrative or judicial bodies or officers having power to regulate or supervise any of the Trust Equipment, including without limitation all lawful acts, rules, regulations and orders of any body having competent jurisdiction relating to automatic coupler devices or attachments, air brakes or other appliances; *provided, however,* that the Company may in good faith contest the validity of any such law, act, rule, regulation or order, or the application thereof to the Trust Equipment or any part thereof, in any reasonable manner which will not in the judgment of the Trustee materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates. The Company shall not be relieved from any of its obligations hereunder by reason of the assertion or enforcement of any such claims or the commencement or prosecution of any litigation in respect thereof.

ARTICLE FIVE

EVENTS OF DEFAULT AND REMEDIES

SECTION 5.01. *Events of Default.* The Company covenants and agrees that in case:

(a) the Company shall default in the payment of any part of the rental payable hereunder (including advance rental) for more than ten days after the same shall have become due and payable, or

(b) the Company shall enter into any lease or car contract prohibited by the proviso to the second paragraph of Section 4.09 or make or suffer any unauthorized assignment or transfer of its rights hereunder or shall make any unauthorized transfer or lease (including, for the purpose of this clause, contracts for the use thereof) of any of the Trust Equipment, or, except as herein authorized, shall part with the possession of any of the Trust Equipment, and shall fail or refuse either to cause such assignment or transfer or lease to be canceled by agreement of all parties having any interest therein and recover possession of such Trust Equipment within 30 days after the Trustee shall have demanded in writing such cancelation and recovery of possession, or within said 30 days to deposit with the Trustee a sum in cash equal to the value, as of the date of such unauthorized action (determined in the manner provided in subparagraph (1) of the last paragraph of Section 4.06), of such Trust Equipment (any sum so deposited to be returned to the Company upon the cancelation of such assignment, transfer or lease and the recovery of possession by the Company of such Trust Equipment), or

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

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

(e) a decree or order shall have been entered by a court of competent jurisdiction adjudging the Company, Equipment Co. or Mfg. Co. a bankrupt or insolvent or approving as properly filed a petition seeking reorganization or arrangement of the Company,

Equipment Co. or Mfg. Co. under the Bankruptcy Act, or any other federal or state law relating to bankruptcy or insolvency, or appointing a receiver or decreeing or ordering the winding up or liquidation of the affairs of the Company, Equipment Co. or Mfg. Co. (unless such decree or order shall have been discharged, stayed or otherwise rendered ineffective [but then only so long as such stay shall continue in force or such ineffectiveness shall continue]) and all the obligations of the Company, Equipment Co. or Mfg. Co. hereunder, as the case may be, under the guaranty endorsed on the Trust Certificates and under any instrument made in connection with the purchase of the Trust Certificates by the initial holders thereof, shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Company, Equipment Co. or Mfg. Co. or for its property in connection with 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 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier, or

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

then, in any such case (herein sometimes called an Event of Default), the Trustee in its discretion may, and upon the written request of the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates shall, by notice in writing delivered to the Company, declare to be due and payable forthwith the entire amount of the rentals (including any unpaid advance rental, but not including rentals required for the payment of interest accruing after the date

of such declaration) payable by the Company as set forth in Section 4.04 and not theretofore paid. Thereupon the entire amount of such rentals shall forthwith become and shall be due and payable immediately without further demand, together with interest at the rate of $11\frac{1}{4}\%$ per annum, to the extent legally enforceable, on any portion thereof overdue.

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

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

In case there shall be pending proceedings for the bankruptcy or for the reorganization of the Company, Equipment Co. or Mfg. Co. under the Bankruptcy Act or any other applicable law, or in case a receiver or trustee shall have been appointed for the property of the Company, Equipment Co. or Mfg. Co., or in case of any other judicial proceedings relative to the Company, Equipment Co. or Mfg. Co., or to the creditors or property of the Company, Equipment Co. or Mfg. Co., the Trustee, irrespective of whether the rental payments hereunder or the unpaid principal amount of the Trust Certificates shall then be due and payable as herein or therein expressed whether by declaration or otherwise and irrespective of whether the Trustee shall have made any demand or declaration pursuant to the provisions of this Section, shall be entitled and empowered, by intervention in such proceedings or

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

All rights of action and to assert claims under this Agreement, or under any of the Trust Certificates, may be enforced by the Trustee without the possession of any of the Trust Certificates or the production thereof on any trial or other proceedings relative thereto, and any such action or proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall be for the ratable benefit of the holders of the Trust Certificates. In any proceedings brought by the Trustee (and also any proceedings involving the interpretation of any provisions of this Agreement to which the Trustee shall be a party) the Trustee shall be held to represent all the holders of the Trust Certificates, and it shall not be necessary to make any holders of the Trust Certificates parties to such proceedings.

SECTION 5.02. *Remedies.* In case of the happening of any Event of Default, the Trustee may by its agents enter upon the premises of the Company and of any Affiliate or of any lessee (or other person having acquired the use of the Trust Equipment) where any of the

Trust Equipment may be and take possession of all or any part of the Trust Equipment and withdraw the same from said premises (subject to any rights of quiet possession of any lessee under any lease permitted by Section 4.09 hereof), retaining all payments which up to that time may have been made on account of rental for the Trust Equipment and otherwise, and shall be entitled to collect, receive and retain all unpaid mileage or other charges of any kind earned by the Trust Equipment or any part thereof, and may lease or otherwise contract for the use of the Trust Equipment or any part thereof; or the Trustee may with or without retaking possession (but only after declaring due and payable the entire amount of rentals payable by the Company and the unpaid principal of all the then outstanding Trust Certificates, as provided in Section 5.01) sell the Trust Equipment or any part thereof, free from any and all claims of the Company at law or in equity, in one lot and as an entirety or in separate lots, at public or private sale, for cash or upon credit, in its discretion, and may proceed otherwise to enforce its rights and the rights of the holders of then outstanding Trust Certificates, all subject to any mandatory requirements of law applicable thereto. Upon any such sale, the Trustee itself may bid for the property offered for sale or any part thereof. Any such sale may be held or conducted at such place and at such time as the Trustee may specify, or as may be required by law, and without gathering at the place of sale the Trust Equipment to be sold, and in general in such manner as the Trustee may determine, but so that the Company may and shall have a reasonable opportunity to bid at any such sale. After the Trustee has fully exercised its remedies hereunder, the Company shall cease to have any rights or remedies in respect of the Trust Equipment hereunder, but all such rights and remedies shall be deemed thenceforth to have been waived and surrendered by the Company, and no payments theretofore made by the Company for the rent or use of the Trust Equipment or any of it shall give to the Company any legal or equitable interest or title in or to the Trust Equipment or any of it or any cause or right of action at law or in equity in respect of the Trust Equipment against the Trustee or the holders of interests hereunder. No such taking of possession, withdrawal, lease or sale of the Trust Equipment by the Trustee shall be a bar to the recovery by the Trustee from the Company of rentals then or thereafter due and payable, or of principal and interest in respect of the Trust Certificates, and the Company shall be and remain liable for the same until such sums have been realized as, with the proceeds of the lease or sale of the Trust Equip-

ment, shall be sufficient for the discharge and payment in full of all the obligations of the Company under this Agreement.

SECTION 5.03. *Application of Proceeds.* If the Trustee shall exercise any of the powers conferred upon it by Section 5.01 and 5.02, all payments made by the Company to the Trustee, and the proceeds of any judgment collected from the Company by the Trustee, and the proceeds of every sale or lease by the Trustee of any of the Trust Equipment, together with any other sums which may then be held by the Trustee under any of the provisions hereof (other than sums held in trust for the payment of specific Trust Certificates or a part thereof, or interest thereon) shall be applied by the Trustee to the payment, in the following order of priority, (a) of all proper charges, expenses or advances made or incurred by the Trustee in accordance with the provisions of this Agreement and (b) of the interest then due, with interest on overdue interest at the rate of $11\frac{1}{4}\%$ per annum, to the extent legally enforceable, and of the principal of all the outstanding Trust Certificates, with interest thereon at the rate of $11\frac{1}{4}\%$ per annum, to the extent legally enforceable, from the last preceding interest payment date, whether or not such Trust Certificates shall have been matured by their terms, all such payments to be in full if such proceeds shall be sufficient, and if not sufficient, then *pro rata* without preference between principal and interest.

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

SECTION 5.04. *Waivers of Default.* Prior to the declaration of the acceleration of the maturity of the rentals and of the maturity of all the Trust Certificates as provided in Section 5.01, the holders of a majority in aggregate unpaid principal amount of the Trust Certificates at the time outstanding may on behalf of the holders of all the Trust Certificates waive by an instrument in writing delivered to the Trustee any past default and its consequences, except a default in the

payment of any instalment of rental payable pursuant to Section 4.04(B)(3) or (B)(4), but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

If at any time after the principal of all the Trust Certificates shall have been declared and become due and payable or if at any time after the entire amount of rentals shall have been declared and become due and payable, all as provided in Section 5.01, but before May 1, 1991, all arrears or rent (with interest at the rate of 11 $\frac{1}{4}$ % per annum upon any overdue instalments, to the extent legally enforceable), the expenses and reasonable compensation of the Trustee, together with all expenses of the trust occasioned by the Company's default, and all other sums which shall have become due and payable by the Company hereunder shall be paid by the Company before any sale or lease by the Trustee of any of the Trust Equipment, and every other default shall be made good or secured to the satisfaction of the Trustee, or provision deemed by the Trustee to be adequate shall be made therefor, then, and in every such case, the Trustee, if so requested in writing by the holders of a majority in aggregate unpaid principal amount of the Trust Certificates then outstanding, shall by written notice to the Company waive the default by reason of which there shall have been such declaration or declarations and the consequences of such default, but no such waiver shall extend to or affect any subsequent default or impair any right consequent thereon.

SECTION 5.05. *Obligations of Company Not Affected by Remedies.* No retaking of possession of the Trust Equipment by the Trustee, or any withdrawal, lease or sale thereof, nor any action or failure or omission to act against the Company or in respect of the Trust Equipment, on the part of the Trustee or on the part of the holder of any Trust Certificate, nor any delay or indulgence granted to the Company by the Trustee or by any such holder, shall affect the obligations of the Company hereunder or the obligations of the Company, Equipment Co. or Mfg. Co. under the guaranty endorsed on the Trust Certificates.

The Company, Equipment Co. and Mfg. Co. hereby waive presentation and demand in respect of any of the Trust Certificates and waive notice of presentation, of demand and of any default in the payment of the principal of and interest on the Trust Certificates.

SECTION 5.06. *Company to Deliver Trust Equipment to Trustee.* In case the Trustee shall rightfully demand possession of any of the

Trust Equipment in pursuance of this Agreement and subject to the rights of any lessee not then in default under any lease permitted under Section 4.09 hereof to quiet possession of all or any part of the Trust Equipment, the Company will, at its own expense, forthwith and in the usual manner and at usual speed, cause such Trust Equipment to be drawn to such point or points as shall reasonably be designated by the Trustee and will there deliver or cause to be delivered the same to the Trustee; or, at the option of the Trustee, the Trustee may keep such Trust Equipment, at the expense of the Company, on any lines of railroad or premises approved by the Trustee until the Trustee shall have leased, sold or otherwise disposed of the same. The performance of the foregoing covenant is of the essence of this Agreement and upon application to any court having jurisdiction in the premises, the Trustee shall be entitled to a decree against the Company requiring the specific performance thereof.

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

SECTION 5.08. *Control by Holders of Trust Certificates.* The registered holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates, by an instrument or instruments in writing executed and delivered to the Trustee, shall have the right to direct the time, method, and place of conducting any proceeding for any remedy available to the Trustee, or exercising any trust or power conferred on the Trustee; *provided, however,* that the Trustee shall have the right to decline to follow any such direction (i) if the Trustee shall be advised by counsel that the action so directed may not lawfully be taken or (ii) if the Trustee shall be advised by counsel that the action so directed may involve it in personal liability. The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with any such direction given hereunder.

SECTION 5.09. *Remedies Cumulative; Subject to Mandatory Requirements of Law.* The remedies in this Agreement provided in favor of the Trustee and the holders of the Trust Certificates, or any of them, shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in their favor existing at law or in equity; and such remedies so provided in this Agreement shall be subject in all

respects to any mandatory requirements of law at the time applicable thereto, to the extent such requirements may not be waived on the part of the Company.

ARTICLE SIX

ADDITIONAL COVENANTS AND AGREEMENTS BY THE COMPANY, EQUIPMENT CO. AND MFG. CO.

SECTION 6.01. *Guaranty of Company, Equipment Co. and Mfg. Co.* The Company, Equipment Co. and Mfg. Co. jointly and severally unconditionally covenant, agree and guarantee that the holder of each of the Trust Certificates shall receive the principal amount thereof, in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts, when and as the same shall become due and payable, in accordance with the provisions thereof or of this Agreement (and, if not so paid, with interest thereon until paid at the rate of 11¼% per annum, to the extent legally enforceable), and shall receive interest thereon in like money at the rate specified therein, at the times and place and otherwise as expressed in the Trust Certificates (and, if not so paid, with interest thereon until paid at the rate of 11¼% per annum, to the extent legally enforceable); and the Company, Equipment Co. and Mfg. Co. each agrees to endorse upon each of the Trust Certificates, at or before the issuance and delivery thereof by the Trustee, their joint and several guaranty of the prompt payment of the principal thereof and of the interest thereon, in substantially the form set forth in Schedule B hereto. Said guaranty so endorsed shall be signed in the name and on behalf of the Company, Equipment Co. and Mfg. Co., each, by the manual or facsimile signature of its President, a Vice President or the Controller. In case any officer of the Company, Equipment Co. or Mfg. Co. whose signature shall appear on said guaranty shall cease to be such officer before the Trust Certificates shall have been issued and delivered by the Trustee, or shall not have been acting in such capacity on the date of the Trust Certificates, such guaranty shall nevertheless be as effective and binding upon the Company, Equipment Co. and Mfg. Co. as though the person who signed said guaranty had not ceased to be or had then been such officer.

Equipment Co. and Mfg. Co. further jointly and severally unconditionally guarantee to the Trustee and the holders of the Trust Certificates the due and punctual performance of all undertakings

and obligations of the Company under this Agreement (whether or not specifically named as obligors therein) and unconditionally guarantee to the Trustee and the holders of the Trust Certificates that all sums payable by the Company under this Agreement will be promptly paid when due in accordance with the provisions of this Agreement and, in case of default by the Company in any such obligations or payment, Equipment Co. and Mfg. Co. agree punctually to perform or pay the same, irrespective of any enforcement against the Company of any of the rights of the Trustee and the holders of the Trust Certificates under this Agreement. Equipment Co. and Mfg. Co. hereby agree that their obligations hereunder and under the aforesaid guaranty on the Trust Certificates shall be unconditional, irrespective of the genuineness, validity, regularity or enforceability of this Agreement or any other circumstance which might otherwise constitute a legal or equitable discharge of a guarantor. No waiver by the Trustee or the holders of any of the Trust Certificates of any of their rights hereunder or under the Trust Certificates and no action by the Trustee or the holders of any of the Trust Certificates to enforce any of their rights or failure to take, or delay in taking, any such action shall affect the obligations of Equipment Co. and Mfg. Co. hereunder or under said guaranty of the Trust Certificates.

SECTION 6.02. *Discharge of Liens.* The Company covenants and agrees that it will pay and discharge, or cause to be paid and discharged, or make adequate provision for the satisfaction or discharge of, any debt, tax, charge, assessment, obligation or claim which if unpaid might become a lien, charge, security interest or other encumbrance upon or against any of the Trust Equipment; but this provision shall not require the payment of any such debt, tax, charge, assessment, obligation or claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings, provided that such contest will not materially endanger the rights or interests of the Trustee or of the holders of the Trust Certificates and the Company shall have furnished the Trustee with an Opinion of Counsel to such effect. If the Company does not forthwith pay and discharge, or cause to be paid and discharged, or made adequate provision for the satisfaction or discharge of, any such debt, tax, charge, assessment, obligation or claim as required by this Section, the Trustee may, but shall not be obligated to, pay and discharge the same and any amount so paid shall be secured by and under this Agreement until reimbursed by the Company. Nothing contained in this Section 6.02 shall prohibit

any lien on Equipment which secures a loan made to the Company prior to acceptance of such Equipment by the Trustee under Sections 3.01 and 3.04 hereof; provided, however, that at the time of acceptance of such Equipment by the Trustee the Company will furnish to the Trustee a release of such lien in form and substance satisfactory to special counsel for the Trustee.

SECTION 6.03. *Recording.* The Company will, promptly after the execution and delivery of this Agreement and each supplement or amendment hereto or thereto, respectively, cause the same to be duly filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Company will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register and record and will refile, reregister and rerecord any and all further instruments required by law or reasonably requested by the Trustee for the purposes of other protection of the title of the Trustee and the rights of the holders of the Trust Certificates and of fully carrying out and effectuating this Agreement and the intent hereof.

Promptly after the execution and delivery of this Agreement and of each supplement or amendment hereto or thereto, the Company will furnish to the Trustee an Opinion of Counsel stating that, in the opinion of such counsel, such document or any financing statement relating to such document has been properly deposited, filed, registered and recorded and redeposited, refiled, reregistered and rerecorded, if necessary, so as effectively to protect the title of the Trustee to the Trust Equipment and its rights and the rights of the holders of the Trust Certificates hereunder and thereunder and reciting the details of such action.

SECTION 6.04. *Further Assurances.* The Company, Equipment Co. and Mfg. Co. each covenants and agrees from time to time to do all such acts and execute all such instruments of further assurance as it shall be reasonably requested by the Trustee to do or execute for the purpose of fully carrying out and effectuating this Agreement and the intent hereof.

SECTION 6.05. *Merger or Consolidation.* The Company, Equipment Co. and Mfg. Co. each covenants and agrees that in the eventuality that it should merge or consolidate with another corporation, the survivor of such merger or consolidation shall be a solvent corporation

organized under the laws of the United States of America or a state thereof or the District of Columbia and such survivor (if not the Company or Equipment Co. or Mfg. Co., as the case may be) shall not, upon consummation of such merger be in default of any of the terms of this Agreement, and shall have assumed in writing all the obligations and liabilities of the Company, Equipment Co. or Mfg. Co., as the case may be, hereunder and as guarantor of the Trust Certificates.

SECTION 6.06. Except as hereinafter otherwise provided, Mfg. Co. covenants and agrees that it will not at any time permit its Consolidated Net Worth to be less than \$65,000,000. For purposes of this Section 6.06, Consolidated Net Worth shall mean (a) the total consolidated assets of Mfg. Co. and its subsidiaries less the excess of cost over net assets of businesses purchased and less any net advances to Evans Products Company or any Affiliates of Evans Products Company (other than to Equipment Co., the Company, Evans Trailer Leasing Company and the Louisville, New Albany and Corydon Railroad) otherwise included in consolidated total assets minus (b) total consolidated liabilities (including liabilities due to Evans Products Company and/or any Affiliates of Evans Products Company), other than capital stock, paid in capital and retained earnings.

SECTION 6.07. The Company may at any time and from time to time reduce the figure "\$65,000,000" set forth in Section 6.06, to such other amount as, in the reasonable business judgment of Mfg. Co., is necessary to permit Mfg. Co. to comply with the provisions of Section 6.06 for the next succeeding twelve months' period, by giving 30 days' written notice of such proposed reduction to all holders of the Trust Certificates, together with a certificate of the Company that any required prepayment pursuant to this Section 6.07 will not contravene the provisions of the final paragraph hereof. In such notice, the Company shall request the holders of the Trust Certificates to consent to such reduction. The holders shall also be notified that if the holders of less than 70% of the aggregate principal amount of the outstanding Trust Certificates consent to such reduction in writing, those holders who shall not have so consented shall have the right to request the Company to prepay in full their Trust Certificates and such Trust Certificates shall be prepaid in full by the Company within 90 days after the expiration of such 30-day period, subject to the following provisions of this Section 6.07. If the holders of at least 70% of the

aggregate principal amount of outstanding Trust Certificates consent to the reduction, no holder shall have any right to request prepayment of his outstanding Trust Certificates. Any such prepayment of Trust Certificates pursuant to this Section 6.07 shall be made by depositing cash with the Trustee pursuant to Section 4.06 in an amount sufficient to prepay such Trust Certificates at the following redemption prices (expressed in percentages of the principal amount), if made during the 12 month periods ending April 30 of the years indicated:

1977.....	105.125%	1985.....	102.197%
1978.....	104.759	1986.....	101.831
1979.....	104.393	1987.....	101.465
1980.....	104.027	1988.....	101.099
1981.....	103.661	1989.....	100.733
1982.....	103.295	1990.....	100.367
1983.....	102.929	1991.....	100
1984.....	102.563		

together in each case with interest accrued to the date of payment.

Anything in the foregoing to the contrary notwithstanding, the Company may not prepay any of the Trust Certificates pursuant to this Section 6.07 if such prepayment is made out of the proceeds of, or in anticipation of the receipt of, funds derived directly or indirectly from any issuance of debt securities or borrowings by the Company or any subsidiary or Affiliate having an effective interest cost (as determined by standard financial practice) less than 10¼% per annum if (i) such debt securities or borrowings are secured or are to be secured by the Equipment or any part thereof or (ii) such debt securities were issued or such borrowings made with the intention of prepaying the Trust Certificates.

ARTICLE SEVEN

CONCERNING THE HOLDERS OF TRUST CERTIFICATES

SECTION 7.01. *Evidence of Action Taken by Holders of Trust Certificates.* Whenever in this Agreement it is provided that the holders of a specified percentage in aggregate unpaid principal amount of the Trust Certificates may take action (including the making of any demand or request, the giving of any notice, consent or waiver or the taking of any other action), the fact that at the time of taking any such action the holders of such specified percentage have joined therein may be evidenced by any instrument or any number of instruments of similar tenor executed by holders of Trust Certificates in person or by agent or proxy appointed in writing.

SECTION 7.02. *Proof of Execution of Instruments and of Holding of Trust Certificates.* Proof of the execution of any instrument by a holder of Trust Certificates or his agent or proxy and proof of the holding by any person of any of the Trust Certificates shall be sufficient if made in the following manner:

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

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

SECTION 7.03. *Trust Certificates Owned by Company.* In determining whether the holders of the requisite unpaid principal amount of the Trust Certificates have concurred in any direction, request or consent under this Agreement, Trust Certificates which are owned by the Company or by any other obligor on the Trust Certificates or by an Affiliate of the Company or any such other obligor shall be disregarded, except that for the purpose of determining whether the Trustee shall be protected in relying on any such direction, request or consent, only Trust Certificates which are actually known to the Trustee at its Corporate Trust Office to be so owned, shall be disregarded.

SECTION 7.04. *Right of Revocation of Action Taken.* At any time prior (but not after) the evidencing to the Trustee, as provided in Section 7.01, of the taking of any action by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action, any holder of a Trust Certificate the serial number of which is shown by the evidence to be included in the Trust Certificates the holders of which have consented to such action may, by filing written notice with the Trustee and upon proof of holding as provided in Section 7.02, revoke such action in so far as concerns such Trust Certificate. Except as aforesaid any such action taken by the holder of any Trust Certificate shall

be conclusive and binding upon such holder and upon all future holders and owners of such Trust Certificate and of any Trust Certificate issued in exchange or substitution therefor, irrespective of whether or not any notation in regard thereto is made upon such Trust Certificate. Any action taken by the holders of the percentage in aggregate unpaid principal amount of the Trust Certificates specified in this Agreement in connection with such action shall be conclusive and binding upon the Company, Equipment Co. and Mfg. Co., the Trustee and the holders of all the Trust Certificates subject to the provisions of Section 5.08.

ARTICLE EIGHT

THE TRUSTEE

SECTION 8.01. *Acceptance of Trust.* The Trustee hereby accepts the trust imposed upon it by this Agreement, and covenants and agrees to perform the same as herein expressed.

SECTION 8.02. *Duties and Responsibilities of the Trustee.* In case an Event of Default has occurred (which has not been cured), the Trustee shall exercise such of the rights and powers vested in it by this Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs. The Trustee shall not be deemed to have knowledge of any default or Event of Default under this Agreement prior to the time it shall have obtained actual knowledge thereof at its Corporate Trust Office.

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

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

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

(2) in the absence of bad faith on the part of the Trustee, the Trustee may conclusively rely, as to the truth

of the statements and the correctness of the opinions expressed therein, upon any certificates or opinions furnished to the Trustee and conforming to the requirements of this Agreement; but in the case of any such certificates or opinions which by any provision hereof are specifically required to be furnished to the Trustee, the Trustee shall be under a duty to examine the same to determine whether or not they conform to the requirements of this Agreement;

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

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

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

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

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

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

SECTION 8.03. *Application of Rentals.* The Trustee covenants and agrees to apply the rentals received by it under Section 4.04(B) when and as the same shall be received, and to the extent that such rentals shall be sufficient therefor, for the purposes specified in Section 4.04(B).

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

SECTION 8.04. *Funds May be Held by Trustee; Investments.* Any money at any time paid to or held by the Trustee hereunder until paid out by the Trustee as herein provided may be carried by the Trustee on non-interest bearing deposit with itself.

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

Request, such Investments to be held by the Trustee in trust for the benefit of the holders of the Trust Certificates.

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

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

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

SECTION 8.05. *Trustee Not Liable for Delivery Delays or Defects in Equipment or Title.* The Trustee shall not be liable to anyone for any delay in the delivery of any of the Trust Equipment, or for any default on the part of the manufacturers thereof or of the Company, or for any defect in any of the Trust Equipment or in the title thereto, nor shall anything herein be construed as a warranty on the part of the Trustee in respect thereof or as a representation on the part of the Trustee in respect of the value thereof or in respect of the title thereto or the security afforded thereby.

The Trustee may perform its powers and duties hereunder by or through such attorney and agents as it shall appoint, and shall be answerable only for its own negligent acts, negligent failures to act and wilful misconduct and not for the default or misconduct of any attorney or agent appointed by it with reasonable care. The Trustee shall not be responsible in any way for, and makes no representation with respect to, the recitals herein contained or for the execution or validity or enforceability of this Agreement or of the Trust Certificates

(except for its own execution thereof) or for the Guaranty or the guaranty by the Company, Equipment Co. or Mfg. Co.

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

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

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

SECTION 8.06. *Resignation and Removal; Appointment of Successor Trustee.*

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

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

(c) If at any time the Trustee shall resign or be removed or otherwise become incapable of acting or, if at any time a vacancy shall occur in the office of the Trustee for any other cause, a successor trustee may be appointed by the holders of a majority in aggregate unpaid principal amount of the then outstanding Trust Certificates by an instrument in writing delivered to the Company and the Trustee. Until a successor trustee shall be appointed by the holders of Trust Certificates as herein authorized, the Company by an instrument in writing executed by order of its board of directors shall appoint a trustee to fill such vacancy. A successor trustee so appointed by the Company shall immediately and without further act be superseded by a successor trustee appointed by the holders of Trust Certificates in the manner provided above if

such appointment is made within one year after completion of the notice, in the manner provided in the next succeeding paragraph, of the appointment of a successor trustee by the Company. Every successor trustee, appointed pursuant to this Section shall be a national bank or a bank or trust company incorporated under the laws of the United States of America or the State of New York, the State of Illinois, or the State of California, having its principal office in the City of New York, the City of Chicago or the City and County of San Francisco, and having a capital and surplus of not less than \$50,000,000, if there be such an institution willing, qualified and able to accept the trust upon reasonable or customary terms.

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

SECTION 8.07. *Acceptance of Appointment by Successor Trustee.* Any successor trustee appointed as provided in Section 8.06 shall execute, acknowledge and deliver to the Company and to its predecessor trustee an instrument accepting such appointment hereunder, and, subject to the provisions of Section 8.06(a), thereupon the resignation or removal of the predecessor trustee shall become effective and such successor trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, duties and obligations of its predecessor hereunder, with like effect as if originally named as Trustee herein; but, nevertheless, on the Request of the Company or written request of the successor trustee, upon payment of its charges then unpaid, the trustee ceasing to act shall execute and deliver an instrument transferring to such successor trustee all the rights and powers of the trustee so ceasing to act. Upon written request of any such successor trustee, the Company shall execute any and all instruments in writing for more fully and certainly vesting in and confirming to such successor trustee all such rights and powers. Any trustee ceasing to act shall, nevertheless, retain a lien upon all property or funds held or collected by such trustee to secure any amounts then due it pursuant to the provisions of Section 8.05.

SECTION 8.08. *Merger or Consolidation of Trustee.* Any corporation into which the Trustee may be merged or converted or with which it may be consolidated or any corporation resulting from any

merger, conversion or consolidation to which the Trustee shall be a party shall be the successor of the Trustee hereunder, provided such corporation shall be qualified under the provisions of Section 8.06, without the execution or filing of any paper or any further act on the part of any of the parties hereto, anything herein to the contrary notwithstanding.

SECTION 8.09. *Return of Certain Moneys to Company.* Notwithstanding any provision of this Agreement, any moneys paid to the Trustee which are applicable to the payment of the principal of, or interest on, any Trust Certificates which remain unclaimed for five years after the day when such moneys were due and payable shall then be repaid to the Company upon Request, and the holders of such Trust Certificates shall thereafter be entitled to look only to the Company for payment thereof and all liability of the Trustee with respect to such moneys shall thereupon cease; *provided, however*, that before the repayment of such moneys to the Company as aforesaid, the Trustee may first publish a notice, in such form as may be deemed appropriate by the Trustee, in respect of the Trust Certificates so payable and not presented and in respect of the provisions hereof relating to the repayment to the Company of the moneys held for the payment thereof.

ARTICLE NINE

MISCELLANEOUS

SECTION 9.01. *Rights Confined to Parties and Holders.* Nothing expressed or implied herein is intended or shall be construed to confer upon or to give to any person, firm or corporation, other than the parties hereto and the holders of the Trust Certificates, any right, remedy or claim under or by reason of this Agreement or of any term, covenant or condition hereof, and all the terms, covenants, conditions, promises and agreements contained herein shall be for the sole and exclusive benefits of the parties hereto and their successors and of the holders of the Trust Certificates.

SECTION 9.02. *No Recourse.* No recourse under any obligation, covenant or agreement of this Agreement, or of the guaranty endorsed on any Trust Certificate, shall be had against any incorporator, stockholder, officer or director, past, present or future, of the Company, Equipment Co. or Mfg. Co., as such, solely by reason of the fact that such person is an incorporator, stockholder, officer or director, whether

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

SECTION 9.03. *Amendment or Waiver.* Any provision of this Agreement may be amended or waived with the written consent of the holders of not less than 66 $\frac{2}{3}$ % of the aggregate unpaid principal amount of the Trust Certificates then outstanding; *provided, however,* that without the consent of the holders of 100% of the aggregate unpaid principal amount of Trust Certificates then outstanding, no such amendment or waiver shall (1) reduce the amount of principal, change the amount or dates of payment of instalments of principal or reduce the rate or extend the time of payment of interest with respect to the Trust Certificates without the consent of the holders of each Trust Certificate so affected, (2) reduce the amount of or extend the time of payment of any rentals payable under this Agreement or release or provide for the release of any of the Trust Equipment or any other property or cash held by the Trustee in trust, otherwise than as expressly permitted by the present terms of this Agreement, or (3) reduce the percent of the aggregate unpaid principal amount of Trust Certificates then outstanding, the holders of which are required to approve any amendment or to effect any waiver.

SECTION 9.04. *Binding Upon Assigns.* Except as otherwise provided herein, the provisions of this Agreement shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns.

SECTION 9.05. *Notice.* All demands, notices and communications hereunder shall be in writing and shall be deemed to have been duly given if personally delivered at or mailed by registered mail to (a) in the case of the Company, Equipment Co. or Mfg. Co., 2200 East Devon Avenue, Des Plaines, Illinois 60018, or such other address as may hereafter be furnished to the Trustee in writing by the Company, Equipment Co. or Mfg. Co. and (b) in the case of the Trustee, Bank of America National Trust and Savings Association, 555 California Street, San Francisco, California 94104, attention of its Corporate Trust Office, or such other address as may hereafter be furnished to the Company, Equipment Co., Mfg. Co. or the holders of the Trust Certificates

in writing by the Trustee. An affidavit by any person representing or acting on behalf of the Company, Equipment Co., Mfg. Co., the Trustee or the holders of the Trust Certificates as to such mailing, having the registry receipt attached, shall be conclusive evidence of the giving of such demand, notice or communication.

SECTION 9.06. *Effect of Headings.* The Article and Section headings herein are for convenience only and shall not affect the construction hereof.

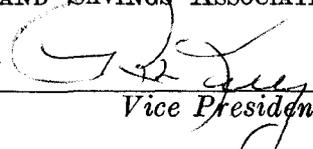
SECTION 9.07. *Date Executed.* This Agreement shall be deemed to have been executed on the date of the acknowledgment thereof by the officer of the Trustee who signed it on behalf of the Trustee.

SECTION 9.08. *Illinois Law Governs.* The provisions of this Agreement, and all the rights and obligations of the parties hereunder, shall be governed by the laws of the State of Illinois, *provided, however,* that any provisions relating to the rights, obligations and immunities of the Trustee shall be governed by the laws of the State of California.

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

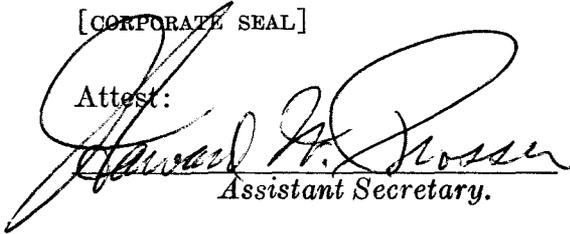
BANK OF AMERICA NATIONAL TRUST
AND SAVINGS ASSOCIATION,

by


Vice President.

[CORPORATE SEAL]

Attest:


Assistant Secretary.



Attest:

[Handwritten signature]

Assistant Secretary.

UNITED STATES RAILWAY LEASING
COMPANY,

by

[Handwritten signature]

Vice President.



Attest:

[Handwritten signature]

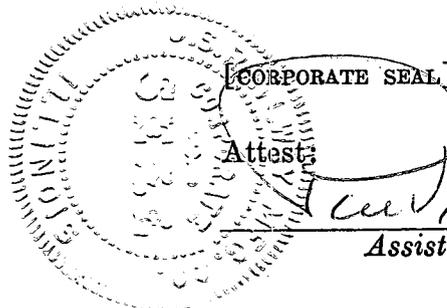
Assistant Secretary.

UNITED STATES RAILWAY EQUIP-
MENT Co.,

by

[Handwritten signature]

Vice President.



Attest:

[Handwritten signature]

Assistant Secretary.

U. S. RAILWAY MFG. Co.,

by

[Handwritten signature]

Vice President.

STATE OF CALIFORNIA
CITY AND COUNTY OF SAN FRANCISCO } ss.:

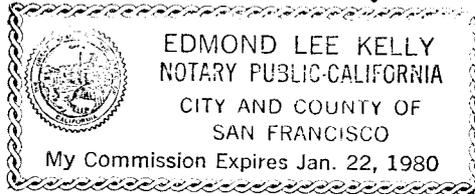
On this ^{5th} day of May, 1976, before me personally appeared **R. F. KELLY** to me personally known, who, being by me duly sworn, says that he is a Vice President of BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said national banking association, that said instrument was signed and sealed on behalf of said national banking association by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Edmond Lee Kelly
Notary Public

My Commission expires:

1/22/80



STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

On this ^{4th} day of May, 1976, before me personally appeared **G. L. Solomonsen**, to me personally known, who, being by me duly sworn, says that he is a Vice President of UNITED STATES RAILWAY LEASING COMPANY, that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Joyce Anne Polvka
Notary Public

My Commission expires:

June 19, 1977

STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

On this 4th day of May, 1976, before me personally appeared G. L. Solomonson, to me personally known, who, being by me duly sworn, says that he is a Vice President of UNITED STATES RAILWAY EQUIPMENT Co., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Joyce Anne Polenska
Notary Public

My Commission expires:
June 19, 1977

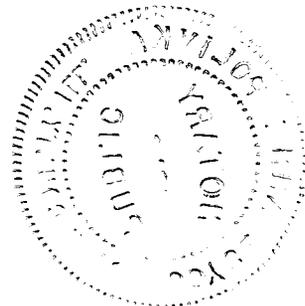
STATE OF ILLINOIS }
COUNTY OF COOK } ss.:

On this 4th day of May, 1976, before me personally appeared G. L. Solomonson, to me personally known, who, being by me duly sworn, says that he is a Vice President of U. S. RAILWAY MFG. Co., that the seal affixed to the foregoing instrument is the corporate seal of said corporation, that the 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.

[NOTARIAL SEAL]

Joyce Anne Polenska
Notary Public

My Commission expires:
June 19, 1977



8316

SCHEDULE A

<u>No. of Cars</u>	<u>Description of Equipment (Including AAR Mechanical Designation)</u>	<u>Builder</u>	<u>Equipment Cost*</u>	<u>Car Numbers (Both Inclusive)</u>
100	Covered Hopper Cars, 100-ton 4750 cu. ft.	Pullman Standard	\$ 2,130,685	USLX 7290-7389
257	Covered Hopper Cars, 100-ton 4750 cu. ft.	U. S. Railway Mfg. Co.	5,183,801	USLX 4000-4149, USLX 7588-7597 and USLX 7818- 7917 (except USLX 7839, 7842 & 7847)
105	Boxcars, 70-ton, 52' 5", with 16' door openings & interior equip.	U. S. Railway Mfg. Co.	3,139,374	MNS 571-585, MNS 50033- 50082, TNM 787000- 787019 and USLX 11125- 11144
50	Boxcars, 70-ton, 50' 6", XF type with 10' sliding doors	U. S. Railway Mfg. Co.	1,207,887	MNS 51001-51050
50	Pulpwood Cars, 70-ton	Graham Structures, Inc.	1,070,734	MSV 800-839 and BML 1-10
<u>562</u>			<u>\$12,732,481</u>	

47

* The cost listed is the cost of acquisition to U. S. Railway Mfg. Co. for all cars built by U. S. Railway Mfg. Co. or Graham Structures, Inc., excluding therefrom manufacturing profit.

SCHEDULE B

[FORM OF TRUST CERTIFICATES]

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

\$.....

No.

UNITED STATES RAILWAY LEASING COMPANY

10¼% EQUIPMENT TRUST CERTIFICATES,

Series 12

Total Authorized Issue: \$9,550,000

**BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION
Trustee**

Bank of America National Trust and Savings Association, Trustee (hereinafter called the Trustee), under an Equipment Trust Agreement (hereinafter called the Agreement) dated as of April 1, 1976, by and among the Trustee, United States Railway Leasing Company, an Illinois corporation (hereinafter called the Company), United States Railway Equipment Co., an Illinois corporation (hereinafter called Equipment Co.) and U.S. Railway Mfg. Co., an Illinois corporation (hereinafter called Mfg. Co. certifies that

or registered

assigns is entitled to an interest of

Dollars in United States Railway Leasing Company Equipment Trust, Series 12, due and payable on or before May 1, 1991, in instalments as hereinafter provided, and to interest on the amount of unpaid principal from time to time due and owing pursuant to this Certificate at the rate of 10¼% per annum payable semiannually on November 1 and May 1 in each year commencing November 1, 1976. Interest on the

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

The aggregate principal amount of this Trust Certificate shall be payable in 15 equal consecutive annual instalments on May 1 of each year from 1977 to 1991 both inclusive), commencing on May 1, 1977.

Interest on any overdue principal and interest, to the extent legally enforceable, shall be payable at the rate of 11¼% per annum. Payments of principal and interest shall be made by the Trustee to the registered holder hereof at the Corporate Trust Office of the Trustee at 555 California Street, Corporate Agency Division, San Francisco, California 94104 (hereinafter called the Corporate Trust Office), in such coin or currency of the United States of America as, at the time of payment, shall be legal tender for the payment of public and private debts. Each of such payments shall be made only from and out of rentals or other moneys received by the Trustee and applicable to such payment under the provisions of the Agreement. Except to the extent Casualty Occurrence payments are applied as provided in the Agreement to the prepayment of principal, and except as provided in the last paragraph of Section 3.04, in the second paragraph of Section 4.08, or in Section 6.07 of the Agreement, prepayments of instalments of the principal amount of this Trust Certificate may not be made.

This Certificate is one of an authorized issue of Trust Certificates, in an aggregate principal amount not exceeding \$9,550,000 and issued or to be issued under the Agreement, under which certain railroad equipment leased to the Company (or cash or obligations defined in the Agreement as "Investments" in lieu thereof, as provided in the Agreement) is held by the Trustee in trust for the equal and ratable benefit of the holders of the outstanding Trust Certificates issued thereunder. Reference is made to the Agreement (a copy of which is on file with the Trustee at its said office) for a more complete statement of the terms and provisions thereof, including the rights, obligations and limitations of liabilities of the parties thereto, to all of which the registered holder hereby, by accepting this Certificate, assents. The Certificates are issuable in any denomination equal to or greater than \$25,000 or, with the consent of the Company, in any denomination less than \$25,000.

The transfer of this Certificate is registerable in whole or in part by the registered holder hereof in person or by duly authorized attorney on the books of the Trustee upon surrender to the Trustee at the Cor-

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

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

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

Dated as of

BANK OF AMERICA NATIONAL TRUST AND
SAVINGS ASSOCIATION,
Trustee

by _____

Vice President.

Attest: _____

Assistant Secretary.

(Seal)

GUARANTY

United States Railway Leasing Company, United States Railway Equipment Co. and U. S. Railway Mfg. Co., each for a valuable consideration, hereby jointly and severally unconditionally guarantee to the registered holder of the within Certificate the prompt payment when due of the principal of said Certificate, and of the interest thereon specified in said Certificate, with interest on any overdue principal and interest, to the extent legally enforceable, at the rate of 11¼% per annum, all in accordance with the terms of said Certificate and the Equipment Trust Agreement referred to therein.

UNITED STATES RAILWAY LEASING
COMPANY,

by _____

Vice President.

UNITED STATES RAILWAY EQUIPMENT Co.,

by _____

Vice President.

U. S. RAILWAY MFG. Co.,

by _____

Vice President.

NOTATION OF ADJUSTED INSTALMENT PAYMENTS*

By reason of prepayments of principal having heretofore been made, the within Certificate in the principal amount of \$. . . was, as of . . . , 19 . . . , payable in equal consecutive annual instalments of principal of \$. . . , and payable by a final instalment of \$. . . on May 1, 1991.

BANK OF AMERICA NATIONAL TRUST AND SAVINGS ASSOCIATION, TRUSTEE

Authorized Officer.

* To be included only on Certificates issued upon exchange or transfer.

