WILMER, CUTLER & PICKERING
2445 M STREET, N W
WASHINGTON, D C 20037-
TELEPHONE (202) 663-6000
FACSIMILE (202) 835-0893
429-9893, 429-4930, 293-5929
TELEX 440239 WCPI UI
ABA NET ABA1354

4 CARLTON GARDENS
LONDON SW1Y 5AA
TELEPHONE 011 (441) 839-4466
FACSIMILE 011 (441) 839-3537
TELEX 8813918 WCP LDN

15 RUE DE LA LOI
B-1040 BRUSSELS
TELEPHONE 011 (322) 231-0903
FACSIMILE 011 (322) 230-4322

ALLEN H HARRISON, JR
DIRECT LINE (202)
663-6093

16823
RECORDATION NO ____ FILED 1425

APR 2 1990 -1 05 PM
INTERSTATE COMMERCE COMMISSION

16823
RECORDATION NO FILED 1425

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INTERSTATE COMMERCE COMMISSION

0-052A020

April 2, 1990

$30.00 filing fees

Dear Ms. McGee:

On behalf of Itel Rail Corporation, I submit for filing and recording under 49 U.S.C. Section 11303(a) and the regulations promulgated thereunder, executed counterparts of a primary document, not previously recorded, entitled Indenture ("Indenture") dated as of March 30, 1990. Also submitted for filing and recording are executed counterparts of a related secondary document, not previously recorded, entitled First Supplemental Indenture dated as of March 30, 1990 to Indenture dated as of March 30, 1990 ("Supplement").

The parties to both the enclosed Indenture and Supplement are:

New Number and New Number-A

Itel Rail Funding Corporation - Mortgagor (for indexing purposes)
55 Francisco Street
Suite 517
San Francisco, California 94133

Texas Commerce Bank National Association - Mortgagee (for indexing purposes)
Corporate Trust Office
600 Travis Street - 8th Floor
Houston, Texas 77002

Itel Rail Corporation - Other Party (for indexing purposes)
55 Francisco Street
San Francisco, California 94133

The Indenture covers, among other things, the issuance of one series of lease - backed notes backed by the leases and related equipment identified in the Supplement recorded herewith.

The equipment covered by the Indenture and Supplement is as identified in Lease Schedule (Schedule A) to the Supplement.

A short summary of the document to appear in the ICC Index is as follows:

"Covers designated Equipment and Lease Receivables."

Enclosed is a check in the amount of thirty dollars ($30.00) in payment of the filing fees.

Once the filings have been made, please return to bearer the stamped counterparts of the Indenture and Supplement not needed for your files, together with the fee receipt, the letter from the ICC acknowledging the filings, and the two extra copies of this transmittal letter.

Very truly yours,

Allen H. Harrison, Jr.
Attorney for the purpose
of this filing for
Itel Rail Corporation

Honorable Noreta R. McGee
Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Enclosures

AHH/iw

Interstate Commerce Commission
Washington, D.C. 20423

4/2/90

OFFICE OF THE SECRETARY

Allen H. Harrison Jr.
Wilmer.Cutler & Pickering
2445 M. St. N.W.
Washington,D.C. 20037

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 4/2/90 at 1:05pm, and assigned recordation number(s). 16823 & 16823-A

Sincerely yours,

Noreta R. McGee

Noreta R. McGee
Secretary

Enclosure(s)

16823
RECORDATION NO _____ FILED 1425
APR 2 1990 -1 05 PM
INTERSTATE COMMERCE COMMISSION

ITEL RAIL FUNDING CORPORATION

Company

TEXAS COMMERCE BANK NATIONAL ASSOCIATION

Trustee

and

ITEL RAIL CORPORATION

Servicer

INDENTURE

Dated as of March 1, 1990

LEASE-BACKED NOTES
(Issuable in Series)

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INDENTURE, dated as of March 1, 1990 (herein, as amended or supplemented from time to time as permitted hereby, called this "Indenture"), among ITEL RAIL FUNDING CORPORATION, a Delaware corporation (herein, together with its permitted successors and assigns, called the "Company"), TEXAS COMMERCE BANK NATIONAL ASSOCIATION, a national banking association, trustee (herein, together with its permitted successors in the trusts hereunder, called the "Trustee") and ITEL RAIL CORPORATION, a Delaware corporation, servicer (herein, together with its permitted successors and assigns, called the "Servicer").

PRELIMINARY STATEMENT

The Company has duly authorized the execution and delivery of this Indenture to provide for one series of lease-backed notes (the "Notes"), issuable as provided in this Indenture. Each Series of such Notes will be issued only under a separate Supplement to this Indenture duly executed and delivered by the Company, the Trustee and the Servicer. All covenants and agreements made by the Company and the Servicer herein are for the benefit and security of the Holders of the Notes. The Company and the Servicer are entering into this Indenture, and the Trustee is accepting the trusts created hereby, for good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged.

All things necessary to make this Indenture a valid agreement of the Company in accordance with its terms have been done.

Notwithstanding any other provision of this Indenture, the Company will issue only one Series of Notes under this Indenture.

ARTICLE ONE

DEFINITIONS AND OTHER PROVISIONS OF GENERAL APPLICATION

Section 1.01 Definitions.

Except as otherwise expressly provided or unless the context otherwise requires, the following terms have the respective meanings set forth below for all

purposes of this Indenture, and the definitions of such terms are equally applicable both to the singular and plural forms of such terms.

"Abatement": Any amount by which the Scheduled Payment or Payments with respect to a Lease Receivable for one or more Due Periods is reduced due to a credit given to a Customer to cover any period during which the related Equipment is being serviced and thus not available for use by the Customer.

"Abatement Allowance": The amount, set forth in the Maintenance Fee Schedule, of each Periodic Equipment Charge relating to a Full Service Lease Receivable allocated for estimated monthly Abatements.

"Abatement Shortfall": With respect to a Servicer Remittance Date, the amount equal to any Abatements which have occurred with respect to any Full Service Lease Receivables during the immediately preceding Due Period.

"Act": With respect to any Noteholder, the meaning specified in Section 1.02.

"Advance": With respect to a Series of Notes, any Advance made by the Servicer pursuant to the related Servicing Agreement.

"Affiliate": With respect to any specified Person, any other Person controlling or controlled by or under common control with such specified Person. For the purposes of this definition, "control" when used with respect to any specified Person means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; the terms "controlling" and "controlled" have meanings correlative to the foregoing; and a Person shall be deemed to have control of another Person if the first such Person owns voting securities constituting an aggregate amount of at least 5% of the second such Person.

"Aggregate Distribution Amount": As to any Payment Date, the sum of the interest and the Principal Distribution Amount then due and payable to the Holders of the Notes on such Payment Date.

"Aggregate Note Value": The aggregate of the related Note Values of the Lease Receivables outstanding at any time.

"Assumed Reinvestment Rate": With respect to any Account or funds securing any Series, the rate or rates of interest or other earnings on such accounts or funds as specified in the related Supplement.

"Authenticating Agent": Any entity appointed by the Trustee pursuant to Section 7.15.

"Automatic Acceleration": The automatic acceleration defined in Section 6.02.

"Bi-Monthly Pay Lease Receivables": Lease Receivables relating to Lease Contracts pursuant to which lease payments are due every two months.

"Board of Directors": Either the board of directors of the Company or any duly authorized committee of that Board.

"Board Resolution": A copy of a resolution certified by the Secretary or an Assistant Secretary of the Company to have been duly adopted by the Board of Directors and to be in full force and effect on the date of such certification and delivered to the Trustee.

"Business Day": Any day that is not a Saturday, Sunday or other day on which commercial banking institutions in New York, New York or Houston, Texas are authorized or obligated by law or executive order to be closed.

"Collateral": With respect to a Series at any time, the cash, Eligible Investments and amounts deposited in the Collection Account, amounts in the Servicing Account, amounts in any Equipment Maintenance Account, Substitute Servicer Account or Spread Account, all right, title and interest of the Company in and to the Lease Receivables, the Equipment, the Contribution Agreement and the Servicing Agreement, and all proceeds thereof except for proceeds of Equipment resulting from any release, sale or other disposition of such Equipment after such Equipment has been released from the lien of this Indenture in accordance with Section 12.07, all held at such time as a part of the Trust Estate; provided, howev-

er, that to the extent that amounts in the Collection Account and the Servicing Account are withdrawable pursuant to Section 2.05(a) of the Servicing Agreement, such amounts shall not be part of the Trust Estate.

"Collection Account": The trust account or accounts created and maintained pursuant to Section 12.02.

"Company": Itel Rail Funding Corporation, a Delaware corporation, until a successor Person shall have become the Company pursuant to the applicable provisions of this Indenture, and thereafter Company shall mean such successor Person.

"Company Order" and "Company Request": A written order or request signed in the name of the Company by its Chairman of the Board, President, or a Vice President, and by its Treasurer, an Assistant Treasurer, Controller, an Assistant Controller, Secretary, or an Assistant Secretary, and delivered to the Trustee.

"Contribution Agreement": With respect to a Series, an agreement between the Company and Rail pursuant to which Rail agrees to transfer, contribute and assign, specified Lease Receivables and Equipment as a capital contribution to the Company.

"Corporate Trust Office": The principal corporate trust office of the Trustee located at 600 Travis Street, 8th Floor, Houston, Texas 77002, Attention: Corporate Trustee Administration Department, or at such other address as the Trustee may designate from time to time by notice to the Noteholders and the Company, or the principal corporate trust office of any successor Trustee.

"Credit Agreement": With respect to any Series, the bank credit agreement, if any, specified in the Contribution Agreement.

"Credit Facility": With respect to any Series, the letter or letters of credit, surety bond, insurance policy, guarantee or other form of third party credit support for all or a portion of the Notes of such Series described in and provided pursuant to the terms of the related Supplement.

"Customer": The lessee under each related Lease Contract, or a successor or assignee of such lessee (as indicated on the Lease Schedule), but not including a sublessee.

"Cut-Off Date": With respect to a Series, the date specified in the related Supplement through which all payments of the Lease Receivables securing such Series to be received by the Servicer after the previous Cut-Off Date (or, in the case of the first Cut-Off Date, after the Initial Cut-Off Date) are to be remitted to the Collection Account with respect to such Series on the next succeeding related Servicer Remittance Date.

"Default": Any occurrence or circumstance which with notice or the lapse of time or both would become an Event of Default.

"Defaulted Lease Receivable": A Lease Receivable that comes into and continues in default for a certain number of days as specified in the related Servicing Agreement.

"Delivery Date": With respect to any Series, the date on which Notes of such Series are first executed, authenticated and delivered.

"Determination Date": With respect to a Series, the date specified in the related Supplement on which the Servicer determines the amount of payments relating to Lease Receivables securing such Series due through the immediately preceding Cut-Off Date and received by the Company required to be deposited in the Collection Account on the next succeeding related Servicer Remittance Date.

"Due Date": Each date on which payment of Periodic Equipment Charges is due.

"Due Period": With respect to a Series and as to any Servicer Remittance Date, the period beginning on the day immediately following the preceding Cut-Off Date (or, in the case of the Initial Cut-Off Date beginning on the day immediately following the Initial Cut-Off Date) and ending on the next succeeding Cut-Off Date.

"Early Termination Date": The earliest date upon which a Customer may

(i) terminate a Lease Contract pursuant to the terms thereof in the absence of any event of default by Rail or any successor or assignee of Rail under such Lease Contract; or

(ii) exercise any purchase option thereunder.

"Eligible Investments": With respect to a Series, any and all of the following instruments:

(i) obligations of, or guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof whose obligations are backed by the full faith and credit of the United States;

(ii) certificates of deposit and time and demand deposits and bankers' acceptances having original maturities of no more than 365 days of any bank or trust company incorporated under the laws of the United States or any state, provided that the long-term obligations of such bank or trust company, at the date of acquisition thereof have received a credit rating of at least AA from Standard & Poor's Corporation or the short term debt obligations of such bank or trust company at the date of acquisition thereof have received a credit rating of at least A- (or its equivalent) from Standard & Poor's Corporation, provided, however, that the Rating Agency requirements described above shall not apply to Eligible Investments of the type described in this clause (ii) with Texas Commerce Bank National Association so long as Texas Commerce Bank National Association is serving as Trustee and the long-term obligations of Texas Commerce Bank National Association have a credit rating of at least A- from Standard & Poor's Corporation unless otherwise approved by the holders of a majority in principal amount of the Outstanding Notes; provided, however, that in no event shall such rating be lower than the rating on the Notes,

(iii) commercial paper of any corporation incorporated under the laws of the United States or any state thereof having original maturities of not more than 270 days which on the date of acquisition has a credit rating of at least A-1+ (or its equivalent) from Standard & Poor's Corporation;

(iv) repurchase agreements with respect to obligations of, or guaranteed as to principal and interest by, the United States or any agency or instrumentality thereof when such obligations are backed by the full faith and credit of the United States, provided that the unsecured obligations of the party agreeing to repurchase such obligations at the time have a credit rating of at least AA from Standard & Poor's Corporation; and

(v) money market funds rated in the highest category by Standard & Poor's Corporation which invest only in other Eligible Investments; any such money market funds which provide for demand withdrawals being conclusively deemed to satisfy any maturity requirements for Eligible Investments set forth in this Indenture,

provided, however, that unless otherwise set forth in the related Supplement, any such Eligible Investments for a Series shall include only such obligations or securities that mature on the earlier of 30 days after deposit or purchase, the Business Day preceding the next Payment Date or on or before the date on which the applicable account is required or may be anticipated to be required to be applied for the benefit of the Noteholders of such Series in accordance with this Indenture or related Supplement.

"Equipment": In respect of each Series, the equipment leased to the Customers pursuant to the Lease Contracts and listed on the Lease Schedule and contributed, transferred and assigned to the Company pursuant to the Contribution Agreement. All of the Equipment shall consist of railroad rolling stock.

"Equipment Maintenance Account": The bank account maintained in the name of the Company and estab-

lished in accordance with the Servicing Agreement, which account or accounts shall constitute part of the Trust Estate.

"Estimated Amortization Schedule": With respect to a Series, the Schedule setting forth the monthly payment of principal estimated to be paid on the Notes, which shall initially be as set forth in the first Supplement. The amounts set forth in the Estimated Amortization Schedule shall be calculated on the basis of a 360 day year consisting of twelve 30 day months using a discount rate equal to the Note Value Discount Rate, by discounting each Scheduled Payment (net of Scheduled Expenses) from the Cut-Off Date of the month in which such Scheduled Payment is to become due to the Initial Cut-Off Date on the basis of the following assumptions: (i) no credits, Abatements, or set-offs will be applied against Periodic Equipment Charges; (ii) no adjustments will be made during the life of any Lease Receivable; (iii) no Customer will default on its payment obligations under a Lease Contract; and (iv) no Lease Contract will be terminated prior to the earlier of its Early Termination Date or the end of its stated term.

"Event of Default": The meaning specified in Section 6.01.

"Excess Servicing": On any Payment Date, any excess funds remaining in the Collection Account after payment by the Trustee on such Payment Date of all amounts required to be paid on such Payment Date pursuant to Sections 13.01(a), 13.01(b), 13.01(c), 13.01(d), 13.01(e), 13.01(f), and 13.01(g).

"Final Payment Date": With respect to any Note, the date on which the final principal payment on such Note becomes due and payable as therein or herein provided, whether at the Stated Maturity, by redemption or by acceleration.

"Final Private Placement Memorandum": The private placement memorandum dated March 27, 1990 relating to the Notes.

"Full Service Lease Receivable": Any Lease Receivables with respect to any Lease Contracts under which Rail, as lessor, has the obligation to maintain the related equipment.

"Grant": To grant, bargain, sell, warrant, alienate, remise, release, convey, assign, transfer, mortgage, pledge, create and grant a security interest in and right of set-off against, deposit, set over and confirm. A Grant of the Lease Receivables or of any other instrument shall include all rights, powers and options (but none of the obligations) of the Granting party thereunder, including without limitation the immediate and continuing right to claim, collect, receive and receipt for payments in respect of the Lease Contracts and the Lease Receivables, or any other payment due thereunder, to give and receive notices and other communications, to make waivers or other agreements, to exercise all rights and options, to bring proceedings in the name of the Granting party or otherwise, and generally to do and receive anything which the Granting party is or may be entitled to do or receive thereunder or with respect thereto.

"Holder" or "Noteholder": The Person in whose name a Note is registered in the Note Register.

"Indenture" or "this Indenture": This instrument as originally executed and, if from time to time supplemented or amended by one or more indentures supplemental hereto entered into pursuant to the applicable provisions hereof, as so supplemented or amended. All references in this instrument to designated "Articles," "Sections," "Subsections" and other subdivisions are to the designated Articles, Sections, Subsections and other subdivisions of this instrument as originally executed or if amended or supplemented, as so amended and supplemented. The words "herein," "hereof," "hereunder" and other words of similar import refer to this Indenture as a whole and not to any particular Article, Section, Subsection or other subdivision.

"Independent": When used with respect to any specified Person means such a Person, who (1) is in fact independent of the Company, (2) does not have any direct financial interest or any material indirect financial interest in the Company or in any Affiliate of the Company and (3) is not connected with the Company as an officer, employee, promoter, underwriter, trustee, partner, director, or person performing similar functions. Whenever it is herein provided that any Independent Person's opinion or certificate shall be furnished to the Trustee, such Person shall be appointed by a Company Order and

approved by the Trustee in the exercise of reasonable care and such opinion or certificate shall state that the signer has read this definition and that the signer is Independent within the meaning hereof.

"Initial Aggregate Note Value": With respect to a Series, the Aggregate Note Value as calculated on the Initial Cut-Off Date specified in the related Supplement.

"Initial Cut-Off Date": With respect to a Series, the date specified in the related Supplement after which all Scheduled Payments are part of the Trust Estate.

"Initial Principal Payment Date": As to the Notes of any Series, the first Payment Date on which a principal payment is due on such Notes.

"Insurance Policy": Any casualty insurance policy or any other related type of insurance policy as the context may require.

"Insurance Proceeds" Any and all amounts paid by an Insurer to the Servicer on behalf of the Company, the Trustee and/or the Noteholders pursuant to an Insurance Policy, paid by a Customer or railroad to the Servicer on behalf of the Company, the Trustee and/or the Noteholders, or paid by the Servicer pursuant to Section 2.07(b) of the Servicing Agreement, with respect to any complete casualty or other destruction resulting in total economic loss to Equipment.

"Intercreditor Agreement": With respect to any Series, the agreement among the Trustee, as agent for the Noteholders, Chemical Bank, as lender and agent for the group of lenders which are parties to the Credit Agreement, and Itel Rail Corporation.

"Investment Letter": A letter substantially in the form attached hereto as Exhibit A.

"Issue Date": The date on which Notes for a given Series are first issued.

"Lease Contracts": With respect to each Series, the lease contracts, as specifically listed and described in the Lease Schedule for such Series, includ-

ing any amendments, riders, annexes and schedules thereto on the Initial Cut-Off Date, and any further riders, annexes or schedules insofar as the same relate to the Lease Receivables but not including any lease contract, riders, annexes or schedules insofar as the same relate to equipment that is not Equipment.

"Lease Receivables": With respect to any Lease Contract, the right to receive (i) the Periodic Equipment Charges and (ii) any Mileage Allowances relating to such Lease Contract including, with respect to (i) and (ii) above, the right to enforce, to declare a default under, or to terminate the Lease Contract insofar as it gives rise to such Lease Receivable, and to repossess the related Equipment, in the event such Lease Receivable becomes a Defaulted Lease Receivable; provided, however, that "Lease Receivables" shall not include chattel paper under which such Lease Receivables arise.

"Lease Schedule": With respect to a Series, the listing of Lease Contracts, Lease Receivables and the related Equipment being pledged to the Trustee on the related Delivery Date, attached to the related Supplement. The Lease Schedule for a Series shall be identical to the Lease Schedule identified in the Contribution Agreement related to such Series, as such Schedule may be adjusted to reflect any release of the Equipment from the lien of the Indenture pursuant to Section 12.07 hereof.

"Letter of Credit Bank": With respect to a Series, the bank, if any, defined as the Letter of Credit Bank in the related Supplement.

"Liquidated Lease Receivable": A Lease Receivable that has been liquidated pursuant to the terms of the Servicing Agreement for a Series.

"Liquidation Proceeds": (i) Any and all amounts (other than Insurance Proceeds) received by the Servicer in connection with the complete or partial liquidation of a Defaulted Lease Receivable, whether through sale of such Lease Receivable and/or re-leasing or sale of the related Equipment or otherwise, and (ii) any proceeds of any Equipment which has not been released from the lien of the Indenture pursuant to Section 12.07(a) or 12.07(b) (whether such proceeds arise from the re-lease or sale of such Equipment).

"Lockbox Account": With respect to a Series, the account, if any, established by the Trustee upon an Event of Default pursuant to the related Servicing Agree-

ment, into which account shall be deposited payments related to the Lease Contracts from which the Lease Receivables securing a Series are derived, and shall constitute a part of the Trust Estate.

"Maintenance Allowance": The amount, set forth in the Maintenance Fee Schedule, of each Periodic Equipment Charge relating to a Full Service Lease Receivable allocated to the Servicer as compensation and reimbursement for maintaining the related Equipment in good repair as required by the applicable Lease Contract.

"Maintenance Fee": The portion of each Periodic Equipment Charge relating to a Full Service Lease Receivable set forth in the related Maintenance Fee Schedule, which is the sum of the amounts identified thereon as (i) the Maintenance Allowance and (ii) the Abatement Allowance.

"Maintenance Fee Schedule": With respect to a Series, the schedule attached to the related Servicing Agreement of estimated Maintenance Fees.

"Mileage Allowances": Payments received by Rail, the Servicer, or the Trustee as a result of usage by railroads of privately-marked Equipment.

"Monthly Servicer Report": The meaning specified in the Servicing Agreement.

"Notes": Any notes authorized by, and issued, authenticated and delivered under, this Indenture.

"Noteholder" or "Holder": The Person in whose name a Note is registered in the Note Register.

"Note Interest Rate": With respect to any Series, the annual interest rate on the Notes of such Series as specified in the related Supplement, which rate shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each.

"Note Register" and "Note Registrar": The respective meanings specified in Section 3.05.

"Note Value": Unless otherwise specified in the related Supplement for a Series, with respect to each Lease Receivable securing such Series as of any Cut-Off

Date, the present value of all Scheduled Payments remaining due with respect to such Lease Receivable (net of Scheduled Expenses) less

(i) any Advances previously made with respect to such Scheduled Payments (net of such portion of such Advances that constitute Scheduled Expenses),

(ii) any Advances which the Servicer determines on the Determination Date immediately following such Cut-Off Date will be remitted to the Trustee on the next Servicer Remittance Date, (net of such portion of such Advances that constitute Scheduled Expenses), and

(iii) any amounts previously withdrawn plus any amounts required to be withdrawn on the next Servicer Remittance Date from the Spread Account pursuant to Section 12.03(d)(ii) with respect to such Scheduled Payments (net of such portion of such amounts that constitute Scheduled Expenses),

based upon fully amortizing the initial outstanding aggregate Periodic Equipment Charges (net of Scheduled Expenses) due with respect to such Lease Receivable through the earlier of (i) the Early Termination Date, if any, of such Lease Receivable, (ii) the Stated Maturity of the Notes of such Series, or (iii) the final payment date of such Lease Receivable, discounted based on a 360 day year of twelve 30-day months at the Note Value Discount Rate for such Series at the same frequency as the Payment Dates for such Series; except that on the Cut-Off Date

(w) on or immediately following the deposit of any Insurance Proceeds or Purchase Proceeds, and

(x) immediately preceding the Final Payment Date, and

(y) on or immediately following the earlier of (1) the final liquidation of a Lease Receivable with respect to which a Customer Default has occurred or (2) the day

immediately following 120 days after the Servicer has determined that a Lease Receivable has become a Defaulted Lease Receivable, and

(z) on or immediately following a Customer's exercise of a purchase option pursuant to a Lease Contract,

the Note Value of each such related Lease Receivable shall be zero; provided, however, that on the Cut-Off Date immediately following a partial liquidation of a Defaulted Lease Receivable, the Note Value of such Lease Receivable shall be reduced by an amount equal to any proceeds received in respect of such partial liquidation to the extent that such proceeds are in excess of any previously made but unreimbursed Advances. To the extent that the final payment date of any Lease Receivable securing a Series is later than the Stated Maturity of the Notes of such Series or the related Early Termination Date, if any, any Scheduled Payments due on such Lease Receivable after the Stated Maturity of such Notes or after such Early Termination Date, respectively, shall not be taken into account in calculating the Note Value of such Lease Receivable.

"Note Value Discount Rate": With respect to any Series, the rate specified in the Supplement relating to such Series.

"Officer's Certificate": A certificate signed by the Chairman of the Board, the President, a Vice President, the Treasurer, the Controller, an Assistant Controller or the Secretary of the company on whose behalf the certificate is delivered, and delivered to the Trustee and which certificate shall comply with the applicable requirements of Section 1.13 hereof. Unless otherwise specified, any reference in this Indenture to an Officer's Certificate shall be to an Officer's Certificate of the Company.

"Opinion of Counsel": A written opinion of counsel who may, except as otherwise expressly provided in this Indenture, be counsel for the Company and who shall be reasonably satisfactory to the Trustee and which opinion shall comply with the applicable requirements of Section 1.13 hereof.

"Outstanding": With respect to Notes, as of any date of determination, all Notes theretofore authenticated and delivered under this Indenture except:

(i) Notes theretofore cancelled by the Note Registrar or delivered to the Note Registrar for cancellation;

(ii) Notes for whose payment money in the necessary amount has been theretofore irrevocably deposited with the Trustee or any Paying Agent (other than the Company) in trust for the Holders of such Notes pursuant to Article 5 (provided, however, that if such Notes are to be redeemed, notice of such redemption has been duly given pursuant to this Indenture or provision therefor, satisfactory to the Trustee, has been made);

(iii) Notes in exchange for or in lieu of which other Notes have been authenticated and delivered pursuant to this Indenture unless proof satisfactory to the Trustee is presented that any such Notes are held by a bona fide purchaser; and

(iv) Notes alleged to have been destroyed, lost or stolen for which replacement Notes have been issued as provided for in Section 3.07 hereof,

provided, however, that for purposes of determining whether the Holders of the requisite principal amount of the Outstanding Notes or of the Outstanding Notes of any Series have given any request, demand, authorization, direction, notice, consent or waiver hereunder, Notes owned by the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor shall be disregarded and deemed not to be Outstanding, except that, in determining whether the Trustee shall be protected in relying upon any such request, demand, authorization, direction, notice, consent, or waiver, only Notes which the Trustee knows to be so owned shall be so disregarded. Notes so owned which have been pledged in good faith may be regarded as Outstanding if the pledgee establishes to the satisfaction of the Trustee the pledgee's right to exercise the Noteholders' rights to act with respect to such Notes and that the pledgee is not

the Company or any other obligor upon the Notes or any Affiliate of the Company or such other obligor.

"Paying Agent": The Trustee or any other Person that meets the eligibility standards for the Trustee specified in Section 7.08 and is authorized by the Company to pay the principal of, or interest on, any Notes on behalf of the Company.

"Payment Date": With respect to any Series, the dates specified in the Supplement creating such Series as the Payment Date.

"Periodic Equipment Charges": With respect to each Lease Contract, 100% of the U.S. dollar amount of the periodic lease payments for the Equipment leased under the Lease Contract as specified on the Lease Schedule (or, with respect to Bi-Monthly Pay Lease Receivables, Quarterly-Pay Lease Receivables and Semi-Annual Pay Lease Receivables, the monthly pro-rated portion of periodic lease payments due relating to such Lease Contract), regardless of whether such payments have been abated or credited under such Lease Contract or set off against other amounts due by the Company, Rail or any other Person.

"Person": Any individual, corporation, partnership, joint venture, association, joint-stock company, trust (including any beneficiary thereof), unincorporated organization or government or any agency or political subdivision thereof.

"Principal Distribution Amount": With respect to each Payment Date for a Series, the amount which is equal to the difference between (i) the Aggregate Note Value of the Lease Receivables securing such Series immediately following the close of business on the Cut-Off Date of the second month preceding the month in which such Payment Date occurs or, with respect to the first Payment Date, the Initial Aggregate Note Value of such Lease Receivables and (ii) the Aggregate Note Value of such Lease Receivables immediately following the close of business on the Cut-Off Date of the month preceding the month in which such Payment Date occurs (unless otherwise provided in the related Supplement); provided, however, that the Principal Distribution Amount on the Final Payment Date shall be equal to the outstanding principal amount of the Notes of such Series.

"Proceeding": Any suit in equity, action at law or other judicial or administrative proceeding.

"Purchase": The meaning specified in Section 12.06 hereof.

"Purchase Price": The meaning specified in the Contribution Agreement.

"Purchase Proceeds": Shall mean any proceeds from the purchase by Rail of any Lease Receivable pursuant to Article Eight of the Contribution Agreement.

"Purchase Option Proceeds": The meaning specified in the Servicing Agreement.

"Quarterly Pay Lease Receivables": Lease Receivables relating to Lease Contracts pursuant to which lease payments are due every three months.

"Rail": Itel Rail Corporation, a Delaware corporation.

"Rating Agency": With respect to any Series, the entity specified in the related Supplement.

"Record Date": With respect to any Series, the date set forth in the related Supplement.

"Redemption Date": With respect to any Series, a date fixed pursuant to Section 10.01.

"Redemption Price": When used with respect to any Note to be redeemed, the price at which such Note is to be redeemed pursuant to the terms of the related Supplement.

"Redemption Record Date": With respect to any redemption for Notes of a Series, a date fixed pursuant to Section 10.01.

"Registered Holder": With respect to a Note, the Person whose name appears on the Note Register on the applicable Record Date or Redemption Record Date.

"Reinvestment Income": Any interest or other earnings earned on all or part of the Trust Estate for a Series.

"Responsible Officer": With respect to the Trustee, any Senior Vice President, Vice President, Assistant Vice President or Corporate Trust Officer assigned by the Trustee to administer its corporate trust matters.

"Sale": The meaning specified in Section 6.18.

"Scheduled Expenses": With respect to the Lease Contracts relating to a Series, the meaning specified in the related Supplement.

"Scheduled Payments": With respect to any Series, shall mean, as the context may require, the Periodic Equipment Charges with respect to each Lease Contract securing such Series or the aggregate Periodic Equipment Charges with respect to all Lease Contracts securing such Series, all as set forth in the related Lease Schedule.

"Semi-Annual Pay Lease Receivables": Lease Receivables relating to Lease Contracts pursuant to which lease payments are due every six months.

"Series": A separate series of Notes issued pursuant to this Indenture.

"Servicer": With respect to a Series, the Person who shall have been appointed as servicer pursuant to the applicable provisions of the Servicing Agreement until a successor Person shall have been appointed as servicer and thereafter "Servicer" shall mean such successor Person, or the Trustee if and to the extent the Trustee is acting as Servicer.

"Servicer Remittance Date": With respect to a Series and as to any related Determination Date, the date specified in the related Supplement as the date on which monies from the related Servicing Account are to be transferred to the related Collection Account.

"Servicing Account": With respect to a Series, the custodial account or accounts maintained in the name of the Company, and pursuant to and as defined in the related Servicing Agreement, which account or accounts shall constitute part of the Trust Estate.

"Servicing Agreement": With respect to a Series, an agreement entered into by and among the Company, the Servicer and the Trustee, pursuant to which the Servicer will service and administer collection of the Lease Receivables.

"Servicing Fee": With respect to each Series, the amount to be paid to the Servicer as the servicing fee under the Servicing Agreement for such Series.

"Specified Equipment Maintenance Account Balance": With respect to any Series, the meaning specified in the related Supplement.

"Specified Spread Account Balance": With respect to any Series, the meaning specified in the related Supplement.

"Specified Substitute Servicer Account Balance": With respect to any Series, the meaning specified in the related Supplement.

"Spread Account": With respect to any Series, the segregated trust account maintained in the name of the Trustee for the benefit of the Noteholders, established in accordance with the related Servicing Agreement, which account or accounts shall constitute part of the Trust Estate.

"Stated Maturity": With respect to any Note, the date specified in such Note as the fixed date on which the final scheduled installment of principal of such Note is due and payable.

"Substitute Servicer": With respect to any Series, any successor Servicer appointed by the Trustee pursuant to the provisions of the related Servicing Agreement.

"Substitute Servicer Account": With respect to any Series, the segregated trust account maintained in the name of the Trustee for the benefit of the Noteholders, established as the Substitute Servicer Account in accordance with the related Servicing Agreement, which account or accounts shall constitute part of the Trust Estate.

"Supplement": An indenture supplemental to this Indenture, including an indenture that authorizes a Series of Notes.

"Trust Estate": With respect to any Series, the property constituting the Collateral for such Series, which property shall be subject to the lien of this Indenture for the benefit of the Holders of the Notes of such Series as exist at any particular time.

"Trustee": Texas Commerce Bank National Association, a national banking association, until a successor Person shall have become the Trustee pursuant to the applicable provisions of this Indenture, and thereafter "Trustee" shall mean such successor Person.

"Vice President": With respect to the Company or the Trustee, any vice president, whether or not designated by a number or a word or words added before or after the title "vice president."

Section 1.02 Acts of Noteholders.

(a) Any request, demand, authorization, direction, notice, consent, waiver or other action provided by this Indenture to be given or taken by Noteholders may be embodied in and evidenced by one or more instruments of substantially similar tenor signed by such Noteholders in person or by an agent duly appointed in writing; and, except as herein otherwise expressly provided, such action shall become effective when such instrument or instruments are delivered to the Trustee, and, where it is hereby expressly required, to the Company. Such instrument or instruments (and the action embodied therein and evidenced thereby) are herein sometimes referred to as the "Act" of the Noteholders signing such instrument or instruments. Proof of execution of any such instrument or of a writing appointing any such agent shall be sufficient for any purpose of this Indenture and (subject to Section 7.01) conclusive in favor of the Trustee and the Company, if made in the manner provided in this Section.

(b) The fact and date of the execution by any Person of any such instrument or writing may be proved in any manner which the Trustee deems sufficient.

(c) The ownership of Notes shall be proved by the Note Register.

(d) Any request, demand, authorization, direction, notice, consent, waiver or other action by the Holder of any Note shall bind the Holder of every Note issued upon the registration thereof or in exchange therefor or in lieu thereof, in respect of anything done, omitted or suffered to be done by the Trustee or the Company in reliance thereon, whether or not notation of such action is made upon such Note.

Section 1.03 Notices, etc., to Trustee, Company and Servicer.

Any request, demand, authorization, direction, notice, consent, waiver or Act of Noteholders or other document provided or permitted by this Indenture to be made upon, given or furnished to, or filed with

(i) the Trustee by any Noteholder, by the Company or by the Servicer shall be sufficient for every purpose hereunder if made, given, furnished or filed in writing to or with the Trustee at its Corporate Trust Office; or

(ii) the Company by the Trustee, by the Servicer or by any Noteholder shall be sufficient for every purpose hereunder if in writing and mailed, first class postage prepaid, to the Company addressed to it at 55 Francisco Street, Suite 517, San Francisco, California 94133 Attention: Vice President of Finance, or at any other address previously furnished in writing to the Trustee and the Servicer by the Company, or

(iii) the Servicer by the Trustee or the Company shall be sufficient for every purpose hereunder if in writing and mailed, first class postage prepaid, to the Servicer addressed to it at 55 Francisco Street, San Francisco, California 94133 Attention: Treasury Department, or at any other address previously furnished in writing to the Trustee and the Company.

Section 1.04 Notices to Noteholders; Waiver.

Where this Indenture provides for notice to Noteholders of any event such notice shall be sufficiently given (unless otherwise herein expressly provided) if in writing and mailed, first-class postage prepaid, or by overnight courier, to each Noteholder affected by such event, at its address as it appears on the Note Register, not later than the latest date, and not earlier than the earliest date, prescribed for the giving of such notice. In any case where notice to Noteholders is given by mail, neither the failure to mail such notice, nor any defect in any notice so mailed, to any particular Noteholder shall affect the sufficiency of such notice with respect to other Noteholders, and any notice which is mailed by certified or registered mail, with return receipt requested, shall conclusively be presumed to have been duly given.

Where this Indenture provides for notice in any manner, such notice may be waived in writing by any Person entitled to receive such notice, either before or after the event, and such waiver shall be the equivalent of such notice. Waivers of notice by Noteholders shall be filed with the Trustee, but such filing shall not be a condition precedent to the validity of any action taken in reliance upon such waiver.

In case, by reason of the suspension of regular mail service as a result of a strike, work stoppage or similar activity, it shall be impractical to mail notice of any event to Noteholders when such notice is required to be given pursuant to any provision of this Indenture, then any manner of giving such notice as shall be satisfactory to the Trustee shall be deemed to be a sufficient giving of such notice.

Section 1.05 Effect of Headings and Table of Contents.

The Article and Section headings herein and the Table of Contents are for convenience only and shall not affect the construction hereof.

Section 1.06 Successors and Assigns.

All covenants and agreements in this Indenture by the Company or the Servicer shall bind their respective successors and assigns, whether so expressed or not.

Section 1.07 Separability.

In case any provision in this Indenture or in the Notes shall be invalid, illegal or unenforceable, the validity, legality and enforceability of the remaining provisions shall not in any way be affected or impaired thereby.

Section 1.08 Benefits of Indenture.

Nothing in this Indenture or in the Notes, express or implied, shall give to any Person, other than the parties hereto, the Noteholders, and any Paying Agent which may be appointed pursuant to the provisions hereof and any of their successors hereunder, any benefit or any legal or equitable right, remedy or claim under this Indenture or under the Notes.

Section 1.09 Legal Holidays.

In any case where the date of any Payment Date, or the Stated Maturity of any Note, shall not be a Business Day, then (notwithstanding any other provision of the Notes or this Indenture) payment of principal, interest, or premium, if any need not be made on such date, but may be made on the next succeeding Business Day with the same force and effect as if made on the nominal date of any such Stated Maturity or Payment Date, and interest shall accrue for the period from and after any such nominal date to the date such payment is actually made.

Section 1.10 Governing Law.

This Indenture, each Supplement and each Note shall be construed in accordance with and governed by the internal laws of the State of California applicable to agreements made and to be performed therein.

Section 1.11 Counterparts.

This instrument may be executed in any number of counterparts, each of which so executed shall be

deemed to be an original, but all such counterparts shall together constitute but one and the same instrument.

Section 1.12 Corporate Obligation.

No recourse may be taken, directly or indirectly, against any incorporator, subscriber to the capital stock, stockholder, employee, officer or director of the Company or of any predecessor or successor of the Company with respect to the Company's obligations on the Notes or under this Indenture or any certificate or other writing delivered in connection herewith.

Section 1.13 Compliance Certificates and Opinions.

Upon any application, order or request by the Company or the Servicer to the Trustee to take any action under any provision of this Indenture for which a specific request is required under this Indenture, the Company or the Servicer, as applicable, shall furnish to the Trustee an Officer's Certificate of the Company or the Servicer, as applicable, stating that all conditions precedent, if any, provided for in this Indenture relating to the proposed action have been complied with, except that in the case of any such application or request as to which the furnishing of other documents is specifically required by any provision of this Indenture relating to such particular application or request, no additional certificate need be furnished.

Every certificate or opinion with respect to compliance with a condition or covenant provided for in this Indenture shall include:

(a) a statement that each individual signing such certificate or opinion has read or has caused to be read such covenant or condition and the definitions herein relating thereto;

(b) a brief statement as to the nature and scope of the examination or investigation upon which the statements or opinions contained in such certificate or opinion are based;

(c) a statement that, in the opinion of each such individual, he has made such examination or investigation as is necessary to enable him to express an informed opinion as to whether or not such covenant or condition has been complied with; and

(d) a statement as to whether, in the opinion of each such individual, such condition or covenant has been complied with.

ARTICLE TWO

NOTE FORM

Section 2.01 Form Generally.

The Notes of each Series and the certificates of authentication shall be in substantially the form set forth in this Article, with such appropriate insertions, omissions, substitutions and other variations as are required or permitted by this Indenture, or any Supplement, and may have such letters, numbers or other marks of identification and such legends or endorsements placed thereon, as may be required to comply with the rules of any securities exchange on which the Notes may be listed, or as may, consistently herewith, be determined by the officers executing such Notes, as evidenced by their execution of the Notes. Any portion of the text of any Note may be set forth on the reverse thereof, with an appropriate reference thereto on the face of the Note.

The definitive Notes shall be printed, lithographed or engraved or produced by any combination of these methods on steel engraved borders or may be produced in any other manner permitted by the rules of any securities exchange on which the Notes may be listed or may be produced in any manner acceptable to the Trustee and the initial purchasers of the Notes, all as determined by the officers executing such Notes, as evidenced by their execution of such Notes.

Section 2.02 Form of Note.

THE COMPANY HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE INVESTMENT COMPANY ACT OF 1940, AS AMENDED (THE "INVESTMENT COMPANY ACT"), AND THIS NOTE HAS NOT BEEN AND WILL NOT BE REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR ANY STATE SECURITIES LAWS, AND MAY NOT BE SOLD OR OTHERWISE TRANSFERRED, PLEDGED OR HYPOTHECATED EXCEPT IN COMPLIANCE WITH THE INVESTMENT COMPANY ACT, THE SECURITIES ACT AND APPLICABLE STATE SECURITIES LAWS. THE TRANSFER OF THIS NOTE IS SUBJECT TO CERTAIN RESTRICTIONS AND CONDITIONS SET FORTH IN THE INDENTURE UNDER WHICH THIS NOTE IS ISSUED (A COPY OF WHICH IS AVAILABLE FROM THE COMPANY UPON REQUEST), INCLUDING RECEIPT BY THE TRUSTEE OF AN OPINION OF COUNSEL (WHO MAY BE IN-HOUSE COUNSEL) SATISFACTORY TO THE COMPANY AND TEXAS COMMERCE BANK NATIONAL ASSOCIATION (THE "TRUSTEE") TO THE EFFECT THAT THE TRANSFER IS EXEMPT FROM REGISTRATION UNDER THE SECURITIES ACT. TRANSFER OF THIS NOTE IS FURTHER LIMITED BY THE REQUIREMENT THAT FOLLOWING ANY TRANSFER THERE WILL BE NO MORE THAN 100 BENEFICIAL OWNERS (WITHIN THE MEANING OF THE INVESTMENT COMPANY ACT) OF SECURITIES (INCLUDING THE NOTES AND ANY OTHER SECURITIES) OF THE COMPANY AND THE REQUIREMENT THAT THE TRANSFEREE SIGN AND DELIVER TO THE TRUSTEE AN INVESTMENT LETTER IN WHICH THE TRANSFEREE MAKES CERTAIN REPRESENTATIONS AND AGREES TO BE BOUND BY THE TRANSFER RESTRICTIONS IN THE INDENTURE.

DUE TO THE PROVISIONS FOR THE PAYMENT OF PRINCIPAL CONTAINED HEREIN, THE OUTSTANDING PRINCIPAL AMOUNT OF THIS NOTE MAY BE LESS THAN THE AMOUNT SHOWN ON THE FACE HEREOF. ANYONE PURCHASING THIS NOTE MAY ASCERTAIN THE OUTSTANDING PRINCIPAL AMOUNT HEREOF BY INQUIRY OF THE TRUSTEE.

No. $_____

__% LEASE-BACKED NOTE, SERIES __

DELIVERY DATE: STATED MATURITY:

Itel Rail Funding Corporation, a corporation duly organized and existing under the laws of the State of Delaware (the "Company," which term includes any successor entity under the Indenture referred to below), for

value received, hereby promises to pay to _____ or registered assigns, the principal sum of $_____ in monthly installments beginning on _____, and to pay interest monthly in arrears on the unpaid portion of said principal sum (and, to the extent that the payment of such interest shall be legally enforceable, on any overdue installment of interest on this Note) on the 15th day of each calendar month or, if such 15th day is not a Business Day, the Business Day immediately following (a "Payment Date"), for the period from and including the first calendar day of the month in which the Delivery Date set forth above occurs through the last day of such month and thereafter, monthly from the most recent date to which interest has been paid or for which payment has been duly provided through the last day of the month next preceding each Payment Date, until the last day of the month next preceding the month in which such unpaid principal is fully paid, at the rate per annum specified in the title of this Note. Each monthly installment of principal payable on this Note shall be an amount equal to the pro rata share of the Principal Distribution Amount, as such term is defined in the Indenture described herein. Any remaining unpaid portion of the principal amount of this Note shall be due and payable no later than the Stated Maturity referred to above. The interest and principal so payable on any Payment Date will, as provided in the Indenture, be paid to the Person in whose name this Note is registered on the Record Date for such Payment Date which shall be the close of business on the last day of the month prior to such Payment Date (whether or not a Business Day).

The principal and interest on this Note are payable by check mailed to the Person whose name appears as the Registered Holder of such Note on the Note Register for the related Series at the address of such Person as it appears on such Note Register, or by wire transfer in immediately available funds to the account specified in writing by the Person whose name appears as the Registered Holder of this Note on the Note Register at least five Business Days prior to the Record Date for the Payment Date on which wire transfers will commence in such coin or currency of the United States of America as at the time of payment is legal tender for payment of public and private debts. Funds represented by checks returned undelivered will be held for payment to the Person entitled thereto, subject to the terms of the Indenture, at the office or agency in the United States of America

designated as such by the Company for such purpose pursuant to the Indenture.

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

This Note is one of a duly authorized issue of Notes of the Company designated as its Lease-Backed Notes (herein called the "Notes") issued and to be issued in one or more series, and is one of the series of Notes designated as Lease-Backed Notes, Series __ (herein called the "Series __ Notes"), all issued and to be issued under an Indenture dated as of March 1, 1990 (herein called the "Indenture"), between the Company, Itel Rail Corporation, as servicer, and Texas Commerce Bank National Association, as trustee (the "Trustee", which term includes any successor Trustee under the Indenture), to which Indenture and all indentures supplemental thereto (including the Supplement dated as of [_____], which authorized the Series __ Notes) reference is hereby made for a statement of the respective rights thereunder of the Company, the Trustee and the Holders of the Notes, and the terms upon which the Notes are, and are to be, authenticated and delivered. All terms used in this Note which are defined in the Indenture shall have the meanings assigned to them in the Indenture.

The Series __ Notes are secured by certain Lease Receivables having an Initial Aggregate Note Value as defined in the Indenture of not less than 100% of the originally outstanding aggregate principal amount of the Series __ Notes and by certain other collateral described in the Supplement authorizing such Series __ Notes. Notes of each Series are equally and ratably secured by the collateral pledged therefor to the extent provided by the Supplement authorizing such Series, and the Holders of Notes of one Series have no rights with respect to any of the Collateral pledged as security for any other Series.

Unless earlier declared due and payable by reason of an Event of Default, Series __ Notes are payable only at the time and in the manner provided in the Indenture and the Supplement creating such Series and are not redeemable or prepayable at the option of the Company

before such time, except that the Series __ Notes shall be redeemable (i) at the option of the Company, in whole but not in part, on any Payment Date after the Outstanding principal amount of Notes of such Series declines to 10% or less of the original principal amount of the Notes of such Series at a redemption price equal to the outstanding principal amount thereof plus accrued interest thereon to the date of redemption, or (ii) at the option of the Company in its sole discretion, on the dates and at the prices set forth in the related Supplement. If an Event of Default as defined in the Indenture shall occur and be continuing, the principal of all the Series __ Notes may become or be declared due and payable in the manner and with the effect provided in the Indenture.

As provided in the Indenture and subject to certain limitations therein set forth, the transfer of this Note may be registered on the Note Register of the Company, upon surrender of this Note for registration of transfer at the office or agency of the Company in the United States of America, duly endorsed by, or accompanied by a written instrument of transfer in form satisfactory to the Company and the Trustee duly executed by, the holder hereof or his attorney duly authorized in writing, and thereupon one or more new Series __ Notes of the same Stated Maturity, of authorized denominations and for the same initial aggregate principal amount, will be issued to the designated transferees.

Prior to due presentment for registration of transfer of this Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name this Note is registered as the owner hereof for the purpose of receiving payment as herein provided and for all other purposes whether or not this Note be overdue, and neither the Company, the Trustee, nor any such agent shall be affected by notice to the contrary.

The Indenture permits, with certain exceptions as therein provided, the amendment thereof and the modification of the rights and obligations of the Company and the rights of the Holders of the Notes under the Indenture at any time by the Company with the consent of the Holders of a majority in aggregate principal amount of Notes at the time Outstanding, in case Outstanding Notes of all Series are to be affected, or with the consent of the Holders of a majority in aggregate principal amount of the Notes at the time Outstanding of each Series to be

affected, in case one or more, but fewer than all, of the Series of Notes then Outstanding are to be affected. The Indenture also contains provisions permitting the Holders of specified percentages in aggregate principal amount of the Notes at the time Outstanding, and of Notes at the time Outstanding of each Series to be affected in case one or more but fewer than all such Series are so affected, on behalf of the Holders of all Notes so affected, to waive compliance by the Company with certain provisions of the Indenture and certain past defaults under the Indenture and their consequences. Any such consent or waiver by the holder of this Note shall be conclusive and binding upon such Holder and upon all future Holders of this Note and of any Note issued upon the registration or transfer hereof or in exchange herefor or in lieu hereof whether or not notation of such consent or waiver is made upon this Note. The Indenture also prohibits the Company from amending its Certificate of Incorporation without the consent of the Holders of not less than 100% of the aggregate principal amount of the Outstanding Notes of each Series then outstanding except with respect to minor amendments to Articles First and Second of such Certificate of Incorporation. In addition, any amendment relating to the payment of principal and interest and the stated maturity with respect to the Notes requires the consent of the Holders of not less than 100% of the aggregate principal amount of the Outstanding Notes, and notification of such amendment to the Rating Agency.

The Series __ Notes are issuable only in registered form without coupons in such authorized denominations as provided in the Indenture and the Supplement creating the Series __ Notes and subject to certain limitations therein set forth. The Series __ Notes are exchangeable for a like initial aggregate amount of Series __ Notes of the same Stated Maturity of a different authorized denomination, as requested by the Holder surrendering same.

This Note and the Indenture shall be governed by and construed in accordance with the internal laws of the State of California, without regard to conflicts of laws principles.

No reference herein to the Indenture and no provision of this Note or of the Indenture shall alter or impair the obligation of the Company, which is absolute and unconditional, to pay the principal of and interest

on this Note at the times, place and rate, and in the coin or currency, herein prescribed.

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

IN WITNESS WHEREOF, Itel Rail Funding Corporation has caused this instrument to be signed, manually or in facsimile, by its President or a Vice President and by its Secretary or an Assistant Secretary and a facsimile of its corporate seal to be imprinted hereon.

[SEAL]

By:_____
[Vice] President

Attest:

_____
[Assistant] Secretary

[FORM OF TRUSTEE'S
CERTIFICATE OF AUTHENTICATION]

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

Dated:

TEXAS COMMERCE BANK NATIONAL
ASSOCIATION, as Trustee

By: _____
Authorized Signatory

ARTICLE THREE

THE NOTES

Section 3.01 Notes Issuable In Series; Certain Related Provisions.

The Notes may, at the election of and as authorized by the Board of Directors, be issued in one or more Series, and shall be designated generally as the "Lease-Backed Notes" of the Company, with such further particular designations added or incorporated in such title for the Notes of any particular Series as the Board of Directors may determine. If more than one Series is Outstanding, each Note of such additional Series shall bear upon the face thereof the designation so selected for the Series to which it belongs. The aggregate principal amount of the Notes which may be issued under this Indenture is unlimited, but Notes may be issued hereunder only upon the terms and subject to the conditions herein provided.

All Notes of any one Series at any time simultaneously Outstanding shall be identical in respect of place or places of payment and dates of payments. Notes of a particular Series shall have the same Note Interest Rate and Stated Maturity.

Each Series of Notes shall be created by a Supplement hereto authorized by the Board of Directors and establishing the terms and provisions of such Series. Such Supplement shall Grant to the Trustee, in trust as provided herein and for the exclusive benefit of the Holders of the Notes of the Series created thereunder, the Trust Estate for such Series. The several Series may differ as between Series, in respect of any of the following matters:

(1) Series designation;

(2) Note Interest Rates;

(3) Stated Maturities;

(4) place or places for the payment of principal and interest;

(5) denominations;

(6) limitations upon the aggregate principal amount of Notes of the particular Series which may be issued;

(7) Estimated Amortization Schedule;

(8) the dates on which monies from the related Servicing Account are transferred to the Collection Account;

(9) provisions with respect to the following terms for which the definitions set forth in Article I require or permit further specification in the related Supplement:

(a) "Cut-Off Date,"

(b) "Delivery Date,"

(c) "Determination Date,"

(d) "Individual Note,"

(e) "Initial Cut-Off Date,"

(f) "Note Value Discount Rate,"

(g) "Payment Date,"

(h) "Scheduled Expenses," and

(i) "Servicer Remittance Date;"

(10) the Collateral;

(11) credit rating, if any; and

(12) any other provisions expressing or referring to the terms and conditions upon which the Notes of that Series are to be issued under this Indenture that are not in conflict with the provisions of this Indenture.

In authorizing the issue of any Series, the Board of Directors of the Company shall determine and specify all matters in respect of the Notes of such Series set forth in clauses (1) to (12) inclusive.

Section 3.02 Denominations.

The Notes shall be issuable only as registered Notes without coupons in the denominations prescribed by the Supplement creating the particular Series.

Section 3.03 Execution, Authentication, Delivery and Dating.

The Notes shall be executed on behalf of the Company by its President or one of its Vice Presidents under its corporate seal which may be in facsimile form and be imprinted or otherwise reproduced thereon and attested by its Secretary or one of its Assistant Secretaries. The signature of any of these officers on the Notes may be manual or facsimile.

Notes bearing the manual or facsimile signatures of individuals who were at any time the proper officers of the Company shall bind the Company, notwithstanding that such individuals or any of them have ceased to hold such offices prior to the authentication or delivery of such Notes or did not hold offices at the date of authentication or delivery of such Notes.

At any time and from time to time after the execution and delivery of this Indenture, the Company may deliver Notes of any Series executed by the Company together with a Company Order authorizing authentication thereof to the Trustee for authentication and delivery; and the Trustee shall authenticate and deliver such Notes as in this Indenture provided and not otherwise or cause such Notes to be authenticated by the Authenticating Agent for the Series of which such Notes are a part.

Each Note shall bear on its face the Delivery Date and be dated as of the date of its authentication.

No Note shall be entitled to any benefit under this Indenture or be valid or obligatory for any purpose, unless there appears on such Note a certificate of authentication substantially in the form provided for herein executed by the Trustee or by any Authenticating Agent by the manual signature of one of its authorized officers, and such certificate upon any Note shall be conclusive evidence, and the only evidence, that such Note has been duly authenticated and delivered hereunder.

Section 3.04 Temporary Notes.

Pending the preparation of definitive Notes, the Company may execute, and upon Company Order, the Trustee shall authenticate and deliver, temporary Notes which are printed, lithographed, typewritten, mimeographed or otherwise produced, in any denomination, substantially of the tenor of the definitive Notes in lieu of which they are issued and with such variations as the officers executing such Notes may determine, as evidenced by their execution of such Notes.

If temporary Notes are issued, the Company will cause definitive Notes to be prepared without unreasonable delay. After the preparation of definitive Notes, the temporary Notes shall be exchangeable for definitive Notes upon surrender of the temporary Notes at the office or agency of the Company to be maintained as provided in Section 11.02, without charge to the Holder. Upon surrender for cancellation of any one or more temporary Notes, the Company shall execute and the Trustee shall authenticate and deliver in exchange therefor one or more definitive Notes of any authorized denominations of the same Series and of a like initial aggregate principal amount and Stated Maturity. Until so exchanged the temporary Notes shall in all respects be entitled to the same benefits under this Indenture as definitive Notes of the same Series.

Section 3.05 Registration, Registration of Transfer and Exchange.

The Company shall cause to be kept at an office or agency to be maintained by the Company in accordance with Section 11.02 a register (the "Note Register"), in which, subject to such reasonable regulations as it may prescribe, the Company shall provide for the registration of Notes and the registration of transfers of Notes. Texas Commerce Bank National Association, Houston, Texas is hereby appointed "Note Registrar" for the purpose of registering Notes and transfers of Notes as herein provided. The Trustee shall have the right to examine the Note Register at all reasonable times and to rely conclusively upon a certificate of the Note Registrar of such Series of Notes as to the names and addresses of the holders of the Notes of such Series and the principal amounts and numbers of such Notes as held.

Upon surrender for registration of transfer of any Note of any Series at the office or agency of the Company to be maintained as provided in Section 11.02 and subject to the conditions set forth in Section 3.06 hereof, the Company shall execute, and the Trustee or its agent shall authenticate and deliver, in the name of the designated transferee or transferees, one or more new Notes of any authorized denominations, of the same Series and of a like aggregate principal amount and Stated Maturity.

At the option of the Holder, Notes may be exchanged for other Notes of any authorized denominations of the same Series and of a like aggregate principal amount and Stated Maturity, upon surrender of the Notes to be exchanged at such office or agency. Whenever any Notes are so surrendered for exchange, the Company shall execute, and the Trustee or its agent shall authenticate and deliver, the Notes which the Noteholder making the exchange is entitled to receive.

All Notes issued upon any registration of transfer or exchange of Notes shall be the valid obligations of the Company, evidencing the same debt, and entitled to the same benefits under this Indenture, as the Notes surrendered upon such registration of such transfer or exchange.

Every Note presented or surrendered for registration of transfer or exchange shall (if so required by the Company or the Note Registrar) be duly endorsed, or be accompanied by a written instrument of transfer in form satisfactory to the Company and the Note Registrar duly executed, by the Holder thereof or his attorney duly authorized in writing.

No service charge shall be made to a Holder for any registration of transfer or exchange of Notes, but the Company may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any registration of transfer or exchange of Notes, other than exchanges pursuant to Sections 3.04 or 9.05 not involving any registration of transfer.

Section 3.06 Limitation on Transfer and Exchange.

The Notes have not been registered or qualified under the Securities Act of 1933 (the "1933 Act") or the securities laws of any state. No transfer of any Note shall be made unless that transfer is made in a transaction which does not require registration or qualification under the 1933 Act or under applicable state securities laws. In the event that a transfer is to be made without registration or qualification, such Noteholder's prospective transferee shall deliver to the Trustee (a) an investment letter substantially in the form set forth in Exhibit A hereto (the "Investment Letter") and (b) an Opinion of Counsel (who may be in-house counsel for the transferor or transferee) reasonably satisfactory to the Trustee and the Company that such transfer may be made without such registration or qualification, which Opinion of Counsel shall not be an expense of the Trustee, the Company or the Servicer. Neither the Company nor the Trustee is obligated to register or qualify the Notes under the 1933 Act or any other securities law or to take or permit the transfer of such Notes or interest without registration or qualification. Any such Holder desiring to effect such transfer shall, and does hereby agree to, indemnify the Trustee and the Company against any liability, cost or expense (including attorneys' fees) that may result if the transfer is not so exempt, or is not made in accordance with such federal and state laws.

No transfer of any Note shall be made to any employee benefit plan that is subject to the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), unless the prospective transferee of a Noteholder desiring to transfer its Note provides the Trustee with a certification, which establishes to the satisfaction of the Trustee and the Company that such disposition will not violate the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code. The Company shall require that such prospective transferee certify to the Trustee in writing the facts establishing that such transferee is not such an employee benefit plan.

No transfer or exchange of any Note shall be made if, after such transfer there would be more than 100 beneficial owners of (i) the Notes and (ii) all other securities of the Company. For purposes of determining

whether after a transfer of a Note there would be more than 100 beneficial owners of the securities of the Company for purposes of the Investment Company Act of 1940, the Trustee may rely upon the representations of each initial Holder contained in the related purchase agreement and upon the representations of each subsequent Holder contained in the Investment Letter and upon information provided by the Company to the Trustee. At the request of the Trustee, the Company shall promptly provide the Trustee with the number of beneficial owners of all securities of the Company (except, so long as the Trustee is the Note Registrar, the Notes); provided, however, that in determining the number of such beneficial owners the Company may rely upon the representations of such beneficial owners contained in any letter delivered to the Company in connection with each such beneficial owner's acquisition of such security.

The Trustee shall have no liability to a Trust Estate or any Noteholder arising from a transfer of any such Note in reliance upon a certification or opinion of counsel described in this Section 3.06.

No transfer or exchange of a Note shall be made to any Person unless such Person delivers to the Trustee the opinion of counsel and the Investment Letter required by this Section 3.06.

Section 3.07 Mutilated, Destroyed, Lost or Stolen Notes.

If (i) any mutilated Note is surrendered to the Note Registrar, or the Trustee receives evidence to its satisfaction of the destruction, loss or theft of any Note, and (ii) there is delivered to the Trustee such security or indemnity as may be required by the Trustee to save the Company and the Trustee or any agent of either of them harmless (provided that in the case of any Noteholder which is an institutional investor such Noteholder's own written indemnity shall be deemed satisfactory for this purpose, and that such indemnity requirement shall not apply to a mutilated Note), then, in the absence of notice to the Company or the Note Registrar that such Note has been acquired by a bona fide purchaser, the Company shall execute and upon its request the Trustee shall authenticate and deliver, in exchange for or in lieu of any such mutilated, destroyed, lost or stolen Note, a new Note of the same Series, tenor, ini-

tial principal amount and Stated Maturity, bearing a number not contemporaneously outstanding. If, after the delivery of such new Note, a bona fide purchaser of the original Note in lieu of which such new Note was issued presents for payment such original Note, the Company and the Trustee shall be entitled to recover such new Note from the Person to whom it was delivered or any Person taking therefrom, except a bona fide purchaser, and shall be entitled to recover upon the security or indemnity provided therefor to the extent of any loss, damage, cost or expenses incurred by the Company or the Trustee or any agent of either of them in connection therewith. If any such mutilated, destroyed, lost or stolen Note shall have become or shall be about to become due and payable, or shall have become subject to redemption in full, instead of issuing a new Note, the Company may pay such Note without surrender thereof, except that any mutilated Note shall be surrendered.

Upon the issuance of any new Note under this Section, the Company may require the payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in relation thereto.

Every new Note issued pursuant to this Section in lieu of any mutilated, destroyed, lost or stolen Note shall constitute an original additional contractual obligation of the Company, whether or not the mutilated, destroyed, lost or stolen Note shall be at any time enforceable by anyone, and shall be entitled to all the benefits of this Indenture equally and proportionately with any and all other Notes of the same Series duly issued hereunder.

The provisions of this Section are exclusive and shall preclude (to the extent lawful) all other rights and remedies with respect to the replacement or payment of mutilated, destroyed, lost or stolen Notes.

Section 3.08 Payment of Principal and Interest; Principal and Interest Rights Preserved.

(a) Unless otherwise specified in the related Supplement, Notes of each Series shall bear interest on the unpaid principal amount thereof from and including the first calendar day of the month in which the Delivery Date for such Series occurs at the Note Interest Rate per

annum specified in the Supplement for such Series (calculated on the basis of a 360-day year consisting of 12 months of 30 days each), through the last day of such month and thereafter, monthly from and including the most recent date to which interest has been paid or duly provided for through the last day of the month next preceding each Payment Date, until the last day of the month next preceding the month in which the principal thereof is fully paid and (to the extent that the payment of such interest shall be legally enforceable) on any overdue installment of interest from the date such interest became due and payable until fully paid. Interest shall be due and payable in arrears on each Payment Date, with each payment of interest calculated as described above on the unpaid principal amount of the Notes Outstanding immediately following the preceding Payment Date or on the Delivery Date, if there has not been any preceding Payment Date; provided, however, that in making any interest payment, if the interest calculation with respect to a Note shall result in a portion of such payment being less than $.01, then such payment shall be decreased to the nearest whole cent, and no subsequent adjustment shall be made in respect thereof.

(b) Notes of each Series shall have such Stated Maturities as shall be specified in the related Supplement. The principal of each Note shall be payable in one or more installments ending no later than the Stated Maturity thereof unless such Note becomes due and payable at an earlier date by declaration of acceleration, call for redemption or otherwise. All reductions in the principal amount of a Note effected by payments of installments of principal made on any Payment Date shall be binding upon all future Holders of such Note and of any Note issued upon the registration of transfer thereof or in exchange therefor or in lieu thereof, whether or not such payment is noted on such Note. Each installment of principal payable on the Notes of a Series shall be in an amount equal to the Principal Distribution Amount. The principal payable on the Notes shall be paid on each Payment Date beginning on the Initial Principal Payment Date for such Series and ending on the Final Payment Date for such Series on a pro rata basis based upon the face amount of each Note of such Series; provided, however, that if as a result of such proration, a portion of such principal would be less than $.01, then such payment shall be decreased to the nearest whole cent, and such portion shall be applied to the next succeeding principal

payment. Monies in the Spread Account and monies available pursuant to the Credit Facility, if any, for such Series shall be used to the extent required to make the applicable Principal Distribution Amount payment on the Notes of such Series and to pay in full the Notes of such Series by their Stated Maturities.

(c) The principal of and interest on the Notes of each Series are payable by check mailed to the Person whose name appears as the Registered Holder of such Note on the Note Register for the related Series at the address of such person as it appears on such Note Register or by wire transfer in immediately available funds to the account specified in writing by such Registered Holder at least five Business Days prior to the Record Date for the Payment Date on which wire transfers will commence, in such coin or currency of the United States of America as at the time of tender is legal tender for the payment of public and private debts. Funds representing any such checks returned undeliverable shall be held in accordance with Section 11.03.

Section 3.09 Persons Deemed Owners.

Prior to due presentment for registration of transfer of any Note, the Company, the Trustee and any agent of the Company or the Trustee may treat the Person in whose name any Note is registered as the owner of such Note for the purpose of receiving payments of principal of and interest on such Note (subject to Section 3.08) and for all other purposes whatsoever, whether or not such Note be overdue, and neither the Company, the Trustee nor any agent of the Company or the Trustee shall be affected by notice to the contrary.

Section 3.10 Cancellation.

All Notes surrendered to the Trustee for payment, registration of transfer or exchange (including Notes surrendered to any Person other than the Trustee which shall be delivered to the Trustee) shall be promptly cancelled by the Trustee. The Company may at any time deliver to the Trustee for cancellation any Notes previously authenticated and delivered hereunder which the Company may have acquired in any manner whatsoever, and all Notes so delivered shall be promptly cancelled by the Trustee. No Notes shall be authenticated in lieu of or in exchange for any Notes cancelled as provided in this

Section 3.10, except as expressly permitted by this Indenture. All cancelled Notes held by the Trustee shall be disposed of as directed by a Company Order.

Section 3.11 Surrender of Notes.

On the Payment Date immediately preceding the Final Payment Date, the Company shall notify each Person in whose name a Note is registered that the Company expects the final installment of principal and interest with respect to such Note to be paid on such Final Payment Date. Each Noteholder shall surrender its Note to the Trustee within 60 days after the Final Payment Date. Each Noteholder agrees by its acceptance of a Note to indemnify and save the Company, the Servicer and the Trustee or any agent of them harmless for any loss or expense resulting from the failure to surrender after the Final Payment Date any Note registered in the name of such Noteholder.

ARTICLE FOUR

AUTHENTICATION AND DELIVERY OF NOTES

Section 4.01 General Provisions.

Notes of any one or more Series may from time to time be executed by the Company and delivered to the Trustee for authentication and thereupon the same shall be authenticated and delivered by the Trustee upon Company Order and upon compliance with the conditions of Section 4.02, and upon receipt by the Trustee of the following:

(1) a Board Resolution authorizing the execution and delivery of the Indenture, the Supplement or Supplements relating to the Notes of one or more Series and the Notes and specifying the matters referred to in Section 3.01;

(2) an appropriate Supplement describing the new Series to be created and prescribing, consistent with the applicable provisions of this Indenture, the terms and provisions relating to the Notes of such Series pursuant to Section 3.01;

(3) either (i) a certificate or other official document evidencing the due authorization, approval

or consent of any government body or bodies, at the time having jurisdiction in the premises, together with an Opinion of Counsel that the Trustee is entitled to rely thereon and that the authorization, approval or consent of no other governmental body is required for valid issuance of such Series, or (ii) an Opinion of Counsel that no such authorization, approval or consent of any governmental body is required;

(4) an Opinion of Counsel (which may rely upon any Officer's Certificate from the Company as to matters of fact and which may be based on such assumptions and subject to such exceptions as are customarily contained in opinions of this nature) substantially to the effect that (i) the Indenture constitutes the valid, legal and binding obligation of the Company, enforceable in accordance with its terms, (ii) no consent, approval or authorization of any governmental authority is required for the execution and delivery by the Company of the Indenture and the execution and delivery of the Notes except as may be required under the securities or "blue sky" laws of various jurisdictions in connection with the delivery of the Notes; (iii) all instruments furnished to the Trustee in connection with the Notes conform to the requirements of the Indenture and constitute sufficient authority for the Trustee to authenticate and deliver the Notes; (iv) all conditions precedent provided for in the Indenture relating to the issuance, authentication and delivery of the Notes have been complied with; (v) all laws and requirements with respect to the form and execution by the Company of the Indenture and the execution and delivery by the Company of the Notes have been complied with; (vi) the Company has corporate power to execute and deliver the Indenture; (vii) the Notes have been duly authorized by the Company and, when issued and authenticated in accordance with the terms of the Indenture, will be valid and binding obligations of the Company enforceable in accordance with their terms; (viii) the offer and sale of the Notes is exempt from the registration requirements of the Securities Act of 1933, as amended, and no qualification of the Indenture is required under the Trust Indenture Act; (ix) the Company is not an "investment company" required to register as such under the Investment Company Act

of 1940; (x) the Indenture has been duly authorized, executed and delivered; (xi) the Company has full corporate power and authority to assign, pledge, hypothecate and deposit all of its right, title and interest in and to the Lease Receivables and the Equipment to the Trustee, free from any lien, security interest, encumbrance or other right, title or interest of any person, subject however to the rights of the Customers in the Equipment under the related Lease Contracts, and to any other security interests or liens identified by Allen Harrison, Esq. of Wilmer, Cutler & Pickering in his opinion attached as an exhibit to the Opinion of Counsel; and (xii) to the extent Article 9 of the UCC is applicable, the Indenture, together with the filing of UCC-1 financing statements with the Secretary of State of California, is effective to grant to and create in favor of the Trustee for the benefit of the Noteholders as security for the Notes, a perfected security interest in the Lease Receivables and Equipment;

(5) an Officer's Certificate stating that the Company is not in Default under this Indenture and there is no Event of Default hereunder and that the issuance of the Notes of such Series will not result in any breach of any of the terms, conditions or provisions of, or constitute a default under, the Company's certificate of incorporation or by-laws or any indenture, mortgage, deed of trust or other agreement or instrument to which the Company is a party or by which it is bound, or any order of any court or administrative agency entered in any proceeding to which the Company is a party or by which it may be bound or to which it may be subject; and that all conditions precedent provided in this Indenture relating to the authentication and delivery of the Notes of such Series have been complied with and an Officer's Certificate of Rail to the effect that all of Rail's representations and warranties in the Contribution Agreement were accurate as of the time made;

(6) a certificate or opinion of a firm of independent public accountants of recognized national reputation acceptable to the Company and counsel for the Company; and

(7) such other documents as the Trustee may reasonably require.

Section 4.02 Security for Notes.

Notes of any one or more Series may from time to time be executed by the Company and delivered to the Trustee for authentication and thereupon the same shall be authenticated and delivered to the Company by the Trustee upon Company Order and upon delivery by the Company to the Trustee, and receipt by the Trustee, of the following:

(1) The assignment of a security interest in the Equipment identified on the Lease Schedule attached to the Supplement for such Series.

(2) The assignment of all of the Company's right, title, and interest in and to the Lease Receivables identified on the Lease Schedule attached to the Supplement for a given Series having an Aggregate Note Value at least equal to the original principal amount of the Notes of such Series.

(3) The assignment of all the Company's right, title and interest in and to the related Contribution Agreement.

(4) The Credit Facility, if any, established for the benefit of the Trustee on behalf of the Noteholders in the initial stated amount set forth in the related Supplement.

(5) The assignment of all the Company's right, title and interest in and to the related Servicing Agreement.

(6) Evidence of funding of the Spread Account as specified in the related Servicing Agreement.

(7) A certificate from the Company, dated as of the date of the Company Order, to the effect that, in the case of each Lease Receivable securing such Series and immediately prior to the delivery thereof to the Trustee:

(a) the Company is the owner of such Lease Receivable, the Company has not assigned

any interest or participation in such Lease Receivable (or, if any such interest or participation has been assigned, it has been released), and the Company has full right to Grant such Lease Receivable to the Trustee;

(b) the Company has not declared any Lease Contract in default at any time within 30 days prior to the Delivery Date with respect to the Notes of such Series and no Lease Contract previously declared in default, if any, is continuing in default as of such Delivery Date;

(c) the information set forth with respect to such Lease Receivable in the Lease Schedule for the related Series is correct;

(d) the Company has Granted all of its right, title, and interest in each Lease Receivable;

(e) such Lease Receivable constitutes a Lease Receivable as defined in Section 1.01;

(f) the Company is the owner of each item of Equipment from which a Lease Receivable is derived, free from any lien, security interest, encumbrance or other right, title or interest of any Person known to the Company, other than the rights of the Customer or sublessee under the Lease Contract and the security interest assigned to the Trustee pursuant to the Supplement for a given Series, and Rail has caused each original copy of each Lease Contract in the possession of Rail to be identified with an appropriate legend clearly disclosing the fact that the related Lease Receivable and related Equipment have been transferred, contributed and assigned to the Company and that the Company is the owner thereof; and

(g) the Lease Receivables have the following characteristics:

(i) as of the Delivery Date for such Series, the Initial Aggregate Note Value

shall be at least equal to 100% of the aggregate principal amount of the Notes of such Series; and

(ii) the payments on the Lease Receivables as identified on the related Lease Schedule shall be sufficient to provide for all payments of interest on and principal of the Notes of such Series to their respective Stated Maturities, together with the Scheduled Expenses relating thereto.

(8) An Opinion of Counsel for the Company, dated no earlier than the date of the Company Order, substantially to the effect that:

(a) the Supplement delivered to the Trustee with such Opinion has been duly authorized, executed and delivered and subjects the Lease Receivables and all proceeds therefrom and the Servicing Account, Equipment Maintenance Account, Spread Account, and the Substitute Servicer Account and Collection Account and any other Collateral with such exceptions as may be customary with respect to Collateral of that type for such Series to the lien and security interest of this Indenture;

(b) The Company has full corporate power and authority to assign, pledge, hypothecate and deposit all of its right, title and interest in and to the Lease Receivables and the Equipment to the Trustee, free from any lien, security interest, encumbrance or other right, title or interest of any person, subject however to the rights of the Customers in the Equipment under the related Lease Contracts, and to any other security interests or liens identified by Alan Harrison, Esq. of Wilmer, Cutler & Pickering; and the Company has fully authorized such assignment, pledge and deposit with the Trustee by all necessary corporate action.

Such opinion shall be based on such assumptions and subject to such exceptions as are customarily contained in opinions of such nature relating to collateral of this type.

(9) An Officer's Certificate of the Company to the effect that attached thereto is a true and correct copy of a letter signed by Standard & Poor's Corporation (or other evidence satisfactory to the Trustee) confirming that the Notes of the Series have been assigned the rating, if any, required by the related Supplement.

ARTICLE FIVE

SATISFACTION AND DISCHARGE

Section 5.01 Satisfaction and Discharge of Indenture.

This Indenture shall cease to be of further effect (except as to any surviving rights of registration of transfer and exchange or payment) with respect to any Series of Notes and the Trustee, on demand of and at the expense of the Company, shall execute proper instruments acknowledging satisfaction and discharge of this Indenture with respect to such Series of Notes and shall pay, assign, transfer and deliver to the Company upon Company Order all cash, securities and other property held by it as part of the Trust Estate (except for amounts required to pay and discharge the entire remaining indebtedness of the Notes of such Series), when

(1) either

(a) all Notes of the Series theretofore authenticated and delivered (other than (i) Notes which have been destroyed, lost or stolen and which have been replaced or paid as provided in Section 3.07, and (ii) Notes for whose payment money has theretofore been deposited in trust as provided in Section 11.03) have been delivered to the Trustee for cancellation; or

(b) all Notes of such Series not theretofore delivered to the Trustee for cancellation have become due and payable and the Company has irrevocably deposited or caused to be deposited with the Trustee, in trust for the purpose, an amount sufficient to pay and discharge the principal amount, interest and pre

mium, if any, due on such Notes not theretofore delivered to the Trustee for cancellation; and

(2) the Company has paid or caused to be paid all other sums payable hereunder by the Company with respect to the Notes of such Series.

Notwithstanding the satisfaction and discharge of this Indenture with respect to one or more Series of Notes, the Company's obligations in Sections 3.06, 3.07, 7.07, 11.02 and 11.03, the Trustee's obligations in Section 5.02 and the rights and immunities of the Trustee under this Indenture shall survive until the Notes are no longer Outstanding. Thereafter, the obligations of the Company in Section 7.07, the Holders in Section 3.11 and the Trustee in Section 5.02 and the rights and immunities of the Trustee under this Indenture shall survive.

Section 5.02 Application of Trust Money.

Subject to the last paragraph of Section 11.03 hereof, all monies deposited with the Trustee pursuant to Section 5.01 shall be held in trust and applied by it, in accordance with the provisions of the Notes and this Indenture, to the payment, either directly or through any Paying Agent as the Trustee may determine, to the Persons entitled thereto, of the principal and interest for whose payment such money has been deposited with the Trustee; but such money need not be segregated from other funds except to the extent required herein or to the extent required by law.

ARTICLE SIX

DEFAULTS AND REMEDIES

Section 6.01 Events of Default.

"Event of Default" with respect to any Series, wherever used herein means any one of the following events (provided, however, that an Event of Default with respect to one Series shall not constitute an Event of Default with respect to any other Series, if the Event of Default with respect to the first Series falls under clause 6.01(1), (2) or (3) below):

(1) default in the payment of any interest

upon any Note of such Series when the same becomes due and payable, and such Default shall continue for a period of five days; or

(2) default in the payment of any principal of, or premium, if any, on any Note of such Series when the same becomes due and payable, and such Default shall continue for a period of five days; or

(3) default in the performance, or breach, of any material covenant or warranty of the Company in this Indenture, the Contribution Agreement, or the Servicing Agreement (other than a covenant or warranty default in the performance of which or breach of which is elsewhere in this Section specifically dealt with), and continuance of such default or breach for a period of 30 days after there shall have been given, by registered or certified mail, to the Company by the Trustee or to the Company and the Trustee by the Holders of not less than 50% in principal amount of the Outstanding Notes, a written notice specifying such default or breach and requiring it to be remedied and stating that such notice is a "Notice of Default" hereunder; or

(4) the entry of a decree or order for relief by a court having jurisdiction in the premises in respect of the Company under the Federal Bankruptcy Code or any other applicable Federal or State bankruptcy or insolvency law, or appointing a receiver, liquidator, assignee, trustee, or sequestrator (or other similar official) of the Company or of any substantial part of its property, or ordering the winding up or liquidation of its affairs, and the continuance of any such decree or order unstayed and in effect for a period of 30 consecutive days; or

(5) the institution by the Company of proceedings to be adjudicated a bankrupt or insolvent, or the consent by it to the institution of bankruptcy or insolvency proceedings against it, or the filing by it of a petition or answer or consent seeking reorganization or relief under the Federal Bankruptcy Code or any other applicable Federal or State law, or the consent by it to the filing of any such petition or to the appointment of a receiver, liquidator, assignee, trustee or sequestrator (or other similar official) of the Company or of any substan-

tial part of its property, or the making by it of an assignment for the benefit of creditors, or the admission by it in writing of its inability to pay its debts generally as they become due, or the taking of corporate action by the Company in furtherance of any such action.

Section 6.02 Acceleration of Maturity; Rescission and Annulment.

If an Event of Default pursuant to Section 6.01(1), (2), or (3) with respect to the Notes of any Series at the time outstanding occurs and is continuing, then and in every such case the Trustee or the Holders of not less than a majority in principal amount of the Outstanding Notes of such Series may declare the principal of all the Notes of such Series to be immediately due and payable, by a notice in writing to the Company (and to the Trustee if given by Noteholders), and upon any such declaration such principal shall become immediately due and payable without any presentment, demand, protest or other notice of any kind, (except such notices as shall be expressly required by the provisions of this Indenture), all of which are hereby expressly waived. If an Event of Default pursuant to Section 6.01(4) or 6.01(5) occurs and is continuing, then in such case the principal of all the Notes of such Series shall be automatically due and payable without any presentment, demand, protest or other notice of any kind (an "Automatic Acceleration").

At any time after such a declaration of acceleration has been made, but before any Sale of the Trust Estate has been made or a judgment or decree for payment of the money due has been obtained by the Trustee as hereinafter in this Article provided, the Holders of not less than 70% of the aggregate principal amount of the Outstanding Notes of such Series, by written notice to the Company and the Trustee, may rescind and annul such declaration and its consequences (except that in the case of a payment default on the Notes, the consent of all the Noteholders of such Series shall be required to rescind and annul such a declaration and its consequences) if

(1) the Company has paid or deposited with the Trustee a sum sufficient to pay

(A) all overdue installments of interest

on all Notes of such Series,

(B) the principal of any Notes of such Series which has become due otherwise than by such declaration of acceleration and interest thereon at the rate borne by such Notes,

(C) to the extent that payment of such interest is lawful, interest upon overdue installments of interest on the Notes of such Series at the rate borne by such Notes to the date of such payment or deposit, and

(D) all sums paid or advanced by the Trustee hereunder and the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel to the date of such payment or deposit;

and

(2) all Events of Default, other than the nonpayment of the principal of the Notes of a Series which have become due solely by such declaration of acceleration, have been cured or waived as provided in Section 6.15.

No such rescission shall affect any subsequent default or impair any right consequent thereon.

Section 6.03 Collection of Indebtedness and Suits for Enforcement by Trustee.

The Company covenants that if an Event of Default under Section 6.01 hereof shall occur and be continuing with respect to any Series of Notes, and the Notes have been declared due and payable and such declaration has not been rescinded and annulled, or there has been an Automatic Acceleration, the Company will, upon demand of the Trustee, pay to it, for the benefit of the Holders of Notes of such Series, the whole amount then due and payable of such Series of Notes for principal and interest, with interest upon the overdue principal and, to the extent that payment of such interest shall be legally enforceable, upon overdue installments of interest, at the rate borne by the Notes of such Series, and, in addition thereto, such further amount as shall be sufficient to cover the costs and expenses of collection,

including the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel.

If the Company fails to pay such amount forthwith upon such demand, the Trustee, in its own name and as trustee of an express trust, may institute Proceedings for the collection of the sums so due and unpaid, and may prosecute such Proceeding to judgment or final decree, and may enforce the same against the Company and collect the monies adjudged or decreed to be payable in the manner provided by law out of the property of the Company, wherever situated.

If an Event of Default with respect to the Notes of any Series occurs and is continuing, the Trustee may in its discretion proceed to protect and enforce its rights and the rights of the Noteholders of the Notes of such Series, by such appropriate Proceedings as the Trustee shall deem most effectual to protect and enforce any such rights, whether for the specific enforcement of any covenant or agreement in this Indenture or in aid of the exercise of any power granted herein, or to enforce any other proper remedy.

Section 6.04 Remedies.

If an Event of Default with respect to any Series shall have occurred and be continuing, the Trustee may do one or more of the following:

(a) institute Proceedings for the collection of all amounts then payable on the Notes of such Series, or under this Indenture in respect to such Series of Notes, whether by declaration or otherwise, enforce any judgment obtained, and collect from the Company (other than from the Trust Estate securing any other Series of Notes) the monies adjudged due;

(b) sell the Trust Estate securing the Notes of such Series or any portion thereof or rights or interest therein, at one or more Sales called and conducted in any manner permitted by law;

(c) institute Proceedings from time to time for the complete or partial foreclosure of this Indenture with respect to the Trust Estate securing the Notes of such Series; and

(d) exercise any remedies of a secured party under the Uniform Commercial Code or other applicable law and take any other appropriate action to protect and enforce the rights and remedies of the Trustee or the Holders of the Notes of such Series hereunder.

Section 6.05 Optional Preservation of Trust Estate.

If (i) an Event of Default shall have occurred and be continuing with respect to any Series and (ii) no Automatic Acceleration has occurred, and no Notes of such Series have been declared due and payable or such declaration and its consequences have been annulled and rescinded, the Trustee shall upon request from the Holders of a majority in principal amount of the Outstanding Notes of such Series, elect by giving written notice of such election to the Company to take possession of and retain the Trust Estate securing the Notes of such Series intact, collect or cause the collection of the proceeds thereof and make and apply all payments and deposits and maintain all accounts in respect of such Notes in accordance with the provisions of Article Thirteen and Article Twelve of this Indenture. If the Trustee is unable to or is stayed from giving such notice to the Company for any reason whatsoever, such election shall be effective as of the time of such determination or request, as the case may be, notwithstanding any failure to give such notice, and the Trustee shall give such notice upon the removal or cure of such inability or stay (but shall have no obligation to effect such removal or cure). Any such election may be rescinded with respect to any portion of the Trust Estate securing the Notes of such Series remaining at the time of such rescission by written notice to the Trustee and the Company from the Holders of a majority in principal amount of the Outstanding Notes of such Series.

Section 6.06 Trustee May File Proofs of Claim.

In case of the pendency of any receivership, insolvency, liquidation, bankruptcy, reorganization, arrangement, adjustment, composition or other judicial Proceeding relating to the Company or any other obligor upon any of the Notes or the property of the Company or of such other obligor or their creditors, the Trustee (irrespective of whether the principal of the Notes of any Series shall then be due and payable as therein ex-

pressed or by declaration or otherwise and irrespective of whether the Trustee shall have made any demand on the Company for the payment of overdue principal or interest) shall be entitled and empowered, to intervene in such proceeding or otherwise,

(i) to file and prove a claim for the whole amount of principal, premium, if any, and interest owing and unpaid in respect of the Notes of each Series issued hereunder 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 the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel and any other amounts due the Trustee under Section 7.07) and of the Noteholders allowed in such judicial Proceeding, and

(ii) to collect and receive any monies or other property payable or deliverable on any such claims and to distribute the same;

and any receiver, assignee, trustee, liquidator, or sequestrator (or other similar official) in any such judicial Proceeding is hereby authorized by each Noteholder to make such payments to the Trustee, and in the event that the Trustee shall consent to the making of such payments directly to the Noteholders, to pay to the Trustee any amount due to it for the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, and any other amounts due the Trustee under Section 7.07.

Nothing herein contained shall be deemed to authorize the Trustee to authorize or consent to or accept or adopt on behalf of any Noteholder any plan of reorganization, arrangement, adjustment or composition affecting the Notes or the rights of any Holder thereof, or to authorize the Trustee to vote in respect of the claim of any Noteholder in any such Proceeding.

Section 6.07 Trustee May Enforce Claims Without Possession of Notes.

All rights of actions and claims under this Indenture or the Notes may be prosecuted and enforced by the Trustee without the possession of any of the Notes or the production thereof in any Proceeding relating thereto, and any such Proceedings instituted by the Trustee shall be brought in its own name as trustee of an express trust, and any recovery of judgment shall, after provision for the payment of the reasonable compensation, expenses, disbursements and advances of the Trustee, its agents and counsel, be for the ratable benefit of the Holders of the Notes of the Series in respect of which such judgment has been recovered.

Section 6.08 Application of Money Collected.

Any money collected by the Trustee with respect to any Series of Notes pursuant to this Article, all monies available in the Spread Account and Collection Account, and, upon final liquidation of all Lease Receivables and Equipment subject to the lien of the Indenture in accordance with this Article 6, all monies available in the Substitute Servicer Account and Equipment Maintenance Account, shall be applied in the following order, at the date or dates fixed by the Trustee:

FIRST: To the payment of all amounts due the Trustee under Section 7.07 in connection with the exercise of its duties hereunder;

SECOND: To the payment of the amounts then due and unpaid upon the Notes of such Series for interest, in respect of which or for the benefit of which such money has been collected, with interest (to the extent such interest has been collected by the Trustee or a sum sufficient therefor has been so collected and payment thereof is legally enforceable at the respective rate or rates prescribed therefor in the Notes) on overdue principal and on overdue installments of interest, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes of such Series for interest;

THIRD: To the payments of the amounts then due and unpaid upon the Notes of such Series for principal and premium, if any, in respect of which or for the bene-

fit of which such money has been collected, ratably, without preference or priority of any kind, according to the amounts due and payable on the Notes of such Series for principal and premium, if any;

FOURTH: To the payment of any other sums due under the Indenture;

FIFTH: To the payment of any surplus to or at the direction of (whether by Supplement or otherwise) the Company or any other person legally entitled thereto.

Section 6.09 Limitation on Suits.

No Holder of any Note of any Series shall have any right to institute any Proceeding, judicial or otherwise, with respect to this Indenture, or for the appointment of a receiver or trustee, or for any other remedy hereunder, unless

(1) such Holder has previously given written notice to the Trustee of a continuing Event of Default in respect of such Series;

(2) the Holders of not less than a majority in principal amount of the Outstanding Notes of such Series shall have made written request to the Trustee to institute Proceedings in respect of such Event of Default in its own name as Trustee hereunder;

(3) such Holder or Holders have offered to the Trustee reasonable indemnity against the costs, expenses and liabilities to be incurred in compliance with such request;

(4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such Proceedings; and

(5) no direction inconsistent with such written request has been given to the Trustee during such 60 day period by the Holders of a majority or more in principal amount of the Outstanding Notes of such Series;

it being understood and intended that no one or more Holders of Notes of any Series shall have any right in any manner whatever by virtue of, or by availing of, any

provision of this Indenture to affect, disturb or prejudice the rights of any other Holders of Notes of such Series, or to obtain or to seek to obtain priority or preference over any other Holders or to enforce any right under this Indenture, except in the manner herein provided and for the equal and ratable benefit of all the Holders of Notes of such Series.

Section 6.10 Unconditional Right of Noteholders to Receive Principal and Interest.

Notwithstanding any other provision in this Indenture, the Holder of any Note shall have the right, which is absolute and unconditional, to receive payment of the principal, interest, and premium, if any, on such Note as such principal, interest, and premium, if any, becomes due and payable and to institute suit for the enforcement of any such payment, and such right shall not be impaired without the consent of such Holder.

Section 6.11 Restoration of Rights and Remedies.

If the Trustee or any Noteholder has instituted any Proceeding to enforce any right or remedy under this Indenture and such Proceeding has been discontinued or abandoned for any reason, or has been determined adversely to the Trustee or to such Noteholder, then and in every case the Company, the Trustee and the Noteholders shall, subject to any determination in such Proceeding, be restored severally and respectively to their former positions hereunder, and thereafter all rights and remedies of the Trustee and the Noteholders shall continue as though no such Proceeding had been instituted.

Section 6.12 Rights and Remedies Cumulative.

No right or remedy herein conferred upon or reserved to the Trustee or to the Noteholders is intended to be exclusive of any other right or remedy, and every right and remedy shall, to the extent permitted by law, be cumulative and in addition to every other right and remedy given hereunder or now or hereafter existing at law or in equity or otherwise. The assertion or employment of any right or remedy hereunder, or otherwise, shall not prevent the concurrent assertion or employment of any other appropriate right or remedy.

Section 6.13 Delay or Omission Not Waiver.

No delay or omission of the Trustee or of any Holder of any Note to exercise any right or remedy accruing upon any Event of Default shall impair any such right or remedy or constitute a waiver of any such Event of Default or any acquiescence therein. Every right and remedy given by this Article or by law to the Trustee or to the Noteholders may be exercised from time to time, and as often as may be deemed expedient, by the Trustee or by the Noteholders, as the case may be.

Section 6.14 Control by Noteholders.

The Holders of a majority in principal amount of the Outstanding Notes of each Series shall have the right to direct the time, method and place of conducting any Proceeding for any remedy available to the Trustee with respect to such Series or exercising any trust or power conferred on the Trustee with respect to such Series; provided that with respect to the Notes of such Series:

(1) Such direction shall not be in conflict with any rule of law or with this Indenture, and

(2) The Trustee may take any other action deemed proper by the Trustee which is not inconsistent with such direction; provided, however, that, subject to Section 7.01, the Trustee with respect to the Notes of such Series need not take any action which the Trustee in good faith, by a Responsible Officer or Officers of the Trustee, determines might involve it in liability or be unjustly prejudicial to the Noteholders not consenting.

Section 6.15 Waiver of Past Defaults.

The Holders of 66-2/3% in principal amount of the Outstanding Notes of each Series may on behalf of the Holders of all the Notes of such Series waive any past Default hereunder and its consequences, except a Default:

(1) in the payment of the principal of, or premium, if any, or interest on any Note of such series, or a default described in Sections 6.01(4) and (5), or

(2) in respect of a covenant or provision hereof which under Article Nine cannot be modified or amended without the consent of the Holder of each Outstanding Note of such Series affected.

Upon any such waiver, such Default shall cease to exist, and any Event of Default arising therefrom shall be deemed to have been cured for every purpose of this Indenture; but no such waiver shall extend to any subsequent or other Default or impair any right consequent thereon.

Section 6.16 Undertaking for Costs.

All parties to this Indenture agree, and each Holder of any Note by his acceptance thereof shall be deemed to have agreed, that any court may in its discretion require, in any suit for the enforcement of any right or remedy under this Indenture, or in any suit against the Trustee for any action taken, suffered or omitted by it as Trustee, the filing by any party litigant in such suit of an undertaking to pay the costs of such suit, and that such court may in its discretion assess reasonable costs, including reasonable attorneys' fees, against any party litigant in such suit, having due regard to the merits and good faith of the claims or defenses made by such party litigant; but the provisions of this Section shall not apply to any suit instituted by the Trustee, to any suit instituted by any Noteholder, or group of Noteholders, holding in the aggregate more than 10% in principal amount of the Outstanding Notes in the relevant Series, or to any suit instituted by any Noteholder for the enforcement of the payment of the principal of, or premium, if any, or interest on any Note on or after the Stated Maturity expressed in such Note.

Section 6.17 Waiver of Stay or Extension Laws.

The Company covenants (to the extent that it may lawfully do so) that it will not at any time insist upon, or plead, or in any manner whatsoever claim or take the benefit or advantage of, any stay or extension law wherever enacted, now or at any time hereafter in force, which may affect the covenants or the performance of this Indenture; and the Company (to the extent that it may lawfully do so) hereby expressly waives all benefit or advantage of any such law, and covenants that it will not hinder, delay or impede the execution of any power herein

granted to the Trustee, but will suffer and permit the execution of every such power as though no such law had been enacted.

Section 6.18 Sale of Trust Estate.

(a) The power to effect any sale (a "Sale") of any portion of the Trust Estate pursuant to Section 6.04 shall not be exhausted by any one or more Sales as to any portion of the Trust Estate remaining unsold, but shall continue unimpaired until the entire Trust Estate securing the related Series of Notes shall have been sold or all amounts payable on the Notes of such Series and under this Indenture with respect thereto shall have been paid. The Trustee may from time to time postpone any Sale by public announcement made at the time and place of such Sale. It is hereby expressly agreed that the Trustee is not limited to any amount fixed by law as compensation for any Sale.

(b) The Trustee may bid for and acquire any portion of the Trust Estate securing a Series of Notes in connection with a public Sale thereof, and in lieu of paying cash therefor, may make settlement for the purchase price by crediting against amounts owing on the Notes or other amounts secured by this Indenture, all or part of the net proceeds of such Sale after deducting the reasonable costs, charges and expenses incurred by the Trustee in connection with such Sale. The purchase by the Trustee of all or any portion of the Trust Estate shall not be deemed a Sale or disposition thereof for purposes of Section 6.18(a). The Notes of such Series need not be produced in order to complete any such Sale, or in order for the net proceeds of such Sale to be credited against the Notes. The Trustee may hold, lease, operate, manage or otherwise deal with any property so acquired in any manner permitted by law.

(c) The Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Trust Estate in connection with a Sale thereof. In addition, the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Company to transfer and convey its interest in any portion of the Trust Estate in connection with a Sale thereof, and to take all action necessary to effect such Sale. No purchaser or transferee at such a sale shall be bound to ascertain the Trustee's authority,

inquire into the satisfaction of any conditions precedent or see to the application of any monies.

Section 6.19 Action on Notes.

The Trustee's right to seek and recover judgment on a Series of Notes or under this Indenture shall not be affected by the seeking, obtaining or application of any other relief under or with respect to this Indenture. Neither the lien of this Indenture nor any rights or remedies of the Trustee or the Noteholders shall be impaired by the recovery of any judgment by the Trustee against the Company or by the levy of any execution under such judgment upon any portion of the Trust Estate or upon any of the assets of the Company.

Section 6.20 No Recourse to Collateral for Other Series.

The Collateral granted to the Trustee for each Series will serve as collateral security only for such Series and the Holders of Notes of other Series shall not have recourse to such Collateral.

ARTICLE SEVEN

THE TRUSTEE

Section 7.01 Certain Duties and Responsibilities.

(a) Except during the continuance of an Event of Default known to the Trustee as provided in subsection (e) below:

(1) The Trustee undertakes to perform such duties and only such duties as are specifically set forth in this Indenture, and no implied covenants or obligations shall be read into this Indenture against the Trustee; and

(2) in the absence of bad faith on its part, the Trustee may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Trustee and conforming to the requirements of this Indenture.

(b) In case an Event of Default known to the Trustee as provided in subsection (e) below has occurred and is continuing, the Trustee shall exercise such of the rights and powers vested in it by this Indenture, 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.

(c) No provision of this Indenture shall be construed to relieve the Trustee from liability for its own negligent action, its own negligent failure to act, or its own willful misconduct, except that:

(i) this Subsection (c) shall not be construed to limit the effect of Subsection (a) of this Section;

(ii) the Trustee shall not be liable for any error of judgment made in good faith by a Responsible Officer, unless it shall be proved that the Trustee was negligent in ascertaining the pertinent facts;

(iii) the Trustee shall not be liable with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the Holders of a majority in principal amount of the Outstanding Notes of any Series 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 Indenture with respect to such Series; and

(iv) no provision of this Indenture shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it, provided that nothing herein contained shall excuse the Trustee for failure to perform its duties as Trustee under this Indenture.

(d) Whether or not therein expressly so provided, every provision of this Indenture relating to the conduct or affecting the liability of or affording protection to the Trustee shall be subject to the provisions of this Section 7.01.

(e) For all purposes under this Indenture, the Trustee shall not be deemed to have notice of any Event of Default described in Section 6.01(4) or 6.01(5) or any Default described in Section 6.01(3) unless a Responsible Officer assigned to and working in the Trustee's corporate trust department has actual knowledge thereof or unless written notice of any event which is in fact such an Event of Default or Default is received by the Trustee at the Corporate Trust Office, and such notice references the Notes generally, the Notes of any Series, the Company, any Trust Estate or this Indenture.

(f) The Trustee shall be under no obligations to institute any suit, or to take any remedial proceeding under this Indenture, or to enter any appearance or in any way defend in any suit in which it may be made defendant, or to take any steps in the execution of the trusts hereby created or in the enforcement of any rights and powers hereunder until it shall be indemnified to its satisfaction against any and all costs and expenses, outlays and counsel fees and other reasonable disbursements and against all liability, except liability that is adjudicated, in connection with any action so taken.

(g) Notwithstanding any extinguishment of all right, title and interest of the Company in and to the Trust Estate following an Event of Default and a consequent declaration of acceleration of the maturity of the Notes, whether such extinguishment occurs through a Sale of the Trust Estate to another Person, the acquisition of the Trust Estate by the Trustee with respect to the Trust Estate (or the proceeds thereof) and the Noteholders and the rights of the Noteholders shall continue to be governed by the terms of this Indenture.

(h) Notwithstanding anything to the contrary contained herein, the provisions of subsections (e) through (g), inclusive, of this Section shall be subject to the provisions of subsections (a) through (c), inclusive, of this Section.

Section 7.02 Notice of Default.

Within 10 days after the occurrence of any Default with respect to a Series known to the Trustee, the Trustee shall transmit by mail to all Holders of Notes of such Series, as their names and addresses appear on the Note Register, notice of such Default hereunder known to the Trustee, unless such Default shall have been cured or waived.

Section 7.03 Certain Rights of Trustee.

Except as otherwise provided in Section 7.01,

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

(b) any request or direction of the Company mentioned herein shall be sufficiently evidenced by a Company Request or Company Order and any resolution of the Board of Directors may be sufficiently evidenced by a Board Resolution;

(c) whenever in the administration of this Indenture the Trustee shall deem it desirable that a matter be proved or established prior to taking, suffering or omitting any action hereunder, the Trustee (unless other evidence be herein specifically prescribed) may, in the absence of bad faith on its part, rely upon an Officer's Certificate;

(d) the Trustee may consult with counsel and the written advice of such counsel or 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 reliance thereon;

(e) the Trustee shall be under no obligation to exercise any of the rights or powers vested in it by this Indenture at the request or direction of any of the Noteholders pursuant to this Indenture, unless such Noteholders shall have offered to the Trustee rea-

sonable security or indemnity against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction;

(f) the Trustee shall not be bound to make any investigation into the facts or matters stated in any resolution, certificate, statement, instrument, opinion, report, notice, request, direction, consent, order, bond, note or other paper or document, but the Trustee, in its discretion, may make such further inquiry or investigation into such facts or matters as it may see fit, and, if the Trustee shall determine to make such further inquiry or investigation, it shall be entitled to examine the books, records and premises of the Company, upon reasonable notice and at reasonable times personally or by agent or attorney; and

(g) the Trustee may execute any of the trusts or powers hereunder or perform any duties hereunder either directly or by or through agents or attorneys and the Trustee shall not be responsible for any misconduct or negligence on the part of any agent or attorney appointed with due care by it hereunder.

Section 7.04 Not Responsible for Recitals or Issuance of Notes.

(a) The recitals contained herein and in the Notes, except the certificates of authentication on the Notes, shall be taken as the statements of the Company, and the Trustee assumes no responsibility for their correctness. The Trustee makes no representations as to the validity or condition of the Trust Estate or any part thereof, or as to the title of the Company thereto or as to the security afforded thereby or hereby, or as to the validity or genuineness of any securities at any time pledged and deposited with the Trustee hereunder or as to the validity or sufficiency of this Indenture or of the Notes. The Trustee shall not be accountable for the use or application by the Company of Notes or the proceeds thereof or of any money paid to the Company or upon Company Order under any provisions hereof.

(b) Except as otherwise expressly provided herein and without limiting the generality of the foregoing, the Trustee shall have no responsibility or liability for or with respect to the existence or validity of any Equipment or Lease Contract, the perfection of

any security interest (whether as of the date hereof or at any future time), the maintenance of or the taking of any action to maintain such perfection, the validity of the assignment of any portion of the Trust Estate to the Trustee or of any intervening assignment, the review of any Lease Contract (it being understood that the Trustee has not reviewed and does not intend to review the substance or form of any such Lease Contract) the performance or enforcement of any Lease Contract, the compliance by the Company, Rail or the Servicer with any covenant or the breach by the Company, Rail or the Servicer of any warranty or representation made hereunder or in any related document or the accuracy of any such warranty or representation, any investment of monies in the Collection Account or any loss resulting therefrom, the acts or omissions of the Company, Rail, the Servicer or any Customer, any action of the Servicer or Rail taken in the name of the Trustee, or the validity of the Servicing Agreement or the Contribution Agreement.

(c) The Trustee shall not have any obligation or liability under any Lease Contract by reason of or arising out of this Indenture or the granting of a security interest in such Lease Contract hereunder or the receipt by the Trustee of any payment relating to any Lease Contract pursuant hereto, nor shall the Trustee be required or obligated in any manner to perform or fulfill any of the obligations of the Company under or pursuant to any Lease Contract, or to make any payment, or to make any inquiry as to the nature or the sufficiency of any payment received by it, or the sufficiency of any performance by any party, under any Lease Contract.

Section 7.05 May Hold Notes.

The Trustee, the Servicer, any Paying Agent, Note Registrar, any Authenticating Agent or any other agent of the Company, in its individual or any other capacity, may become the owner or pledgee of Notes and if operative, may otherwise deal with the Company with the same rights it would have if it were not Trustee, the Servicer, Paying Agent, Note Registrar, Authenticating Agent or such other agent.

Section 7.06 Money Held in Trust.

Money held in trust by the Trustee or any Paying Agent hereunder need not be segregated from other

funds except to the extent required herein or required by law. The Trustee or any Paying Agent shall be under no liability for interest on any money received by it hereunder except as otherwise agreed with the Company.

Section 7.07 Compensation and Reimbursement.

The Company agrees to make payment to the Trustee of the following (provided that any amounts payable pursuant to clauses (ii) and (iii) below shall be paid only pursuant to Section 13.01(h) hereof or from other funds available to the Company that are not subject to the lien of the Indenture):

(i) from time to time reasonable compensation for all services rendered by it hereunder, including all reasonable and customary monthly operating fees and expenses (which compensation shall not be limited by any provision of law in regard to the compensation of a trustee of an express trust);

(ii) except as otherwise expressly provided herein, such amount as may be necessary to reimburse the Trustee upon its request for all extraordinary out-of-pocket expenses, disbursements and advances incurred or made by the Trustee in accordance with any provision of this Indenture (including the reasonable compensation and the expenses and disbursements of the Trustee's agents and counsel), except any such expense, disbursement or advance as may be attributable to its negligence or bad faith; and

(iii) such amount as may be necessary to indemnify the Trustee for, and to hold it harmless against, any loss, liability or expense incurred without negligence or bad faith on its part, arising out of or in connection with the acceptance or administration of this trust, including the costs and expenses of defending itself against any claim or liability in connection with the exercise or performance of any of its powers or duties hereunder.

Upon the occurrence of an Event of Default resulting in an acceleration of maturity of the Notes of

a Series that has not been rescinded and annulled, the Trustee shall have, as security for the performance of the Company under this Section 7.07, a lien ranking senior to the lien of the Notes of the Series with respect to which any claim of the Trustee under this Section 7.07 arose upon all property and funds held or collected as part of the Trust Estate for such Series by the Trustee in its capacity as such. The Trustee shall not institute any Proceeding seeking the enforcement of such lien against any Trust Estate unless (i) such Proceeding is in connection with a Proceeding in accordance with Article Six hereof for enforcement of the lien of this Indenture for the benefit of the Holders of the Notes secured by such Trust Estate after the occurrence of an Event of Default (other than an Event of Default due solely to a breach of this Section 7.07) and a resulting declaration of acceleration of maturity of such Notes that has not been rescinded and annulled, or (ii) such Proceeding does not result in or cause a Sale or other disposition of such Trust Estate.

Section 7.08 Corporate Trustee Required; Eligibility.

There shall at all times be a Trustee hereunder which shall be a corporation organized and doing business under the laws of the United States of America or of any State, authorized under such laws to exercise corporate trust powers, having a combined capital and surplus of at least $100,000,000, subject to supervision or examination by Federal or State authority and having an office within the United States of America. If such corporation publishes reports of condition at least annually, pursuant to law or to the requirements of the aforesaid supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such corporation shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time the Trustee shall cease to be eligible in accordance with the provisions of this Section, it shall resign immediately in the manner and with the effect hereinafter specified in this Article.

Section 7.09 Resignation and Removal; Appointment of Successor.

(a) No resignation or removal of the Trustee and no appointment of a successor Trustee pursuant to this Article shall become effective until the acceptance of appointment by the successor Trustee under Section 7.10.

(b) The Trustee may resign at any time by giving 30 days written notice thereof to the Company. If an instrument of acceptance by a successor Trustee shall not have been delivered to the Trustee within 30 days after the giving of such notice of resignation, the resigning Trustee may petition any court of competent jurisdiction for the appointment of a successor Trustee. Such court may thereupon, after such notice, if any, as it may deem proper and prescribe, appoint a successor trustee.

(c) The Trustee may be removed at any time with respect to any Series by Act of the Holders of at least 66 2/3% in principal amount of the Outstanding Notes of that Series, delivered to the Trustee and to the Company.

(d) If at any time:

(i) the Trustee shall cease to be eligible under Section 7.08 and shall fail to resign after written request therefor by the Company or by any Noteholder, or

(ii) the Trustee shall become incapable of acting or shall be adjudged a bankrupt or insolvent or a receiver of the Trustee or of its property shall be appointed or any public officer shall take charge or control of the Trustee or of its property or affairs for the purpose of rehabilitation, conservation or liquidation,

then, in any such case, (i) the Company by a Board Resolution may remove the Trustee, or (ii) subject to Section 6.16, any Noteholder who has been a Registered Holder of a Note for at least six months (or any initial Noteholder during the first six months he holds the Note) may, on behalf of himself and all others similarly situated,

petition any court of competent jurisdiction for the removal of the Trustee and the appointment of a successor Trustee.

(e) If the Trustee shall resign, be removed or become incapable of acting, or if a vacancy shall occur in the office of the Trustee for any cause with respect to the Notes of one or more Series, the Company by a Board Resolution, shall promptly appoint a successor Trustee or a Trustee with respect to the Notes of such Series. If within one year after such resignation, removal or incapability or the occurrence of such vacancy, a successor Trustee with respect to any Series shall be appointed by Act of the Holders of a majority in principal amount of the Outstanding Notes of that Series delivered to the Company and the retiring Trustee, the successor Trustee so appointed shall, forthwith upon its acceptance of such appointment, become the successor Trustee and supersede the successor Trustee appointed by the Company. If no successor Trustee shall have been so appointed by the Company or the Noteholders and shall have accepted appointment in the manner hereinafter provided, any Noteholder who has been a Registered Holder of a Note for at least six months may, on behalf of himself and all others similarly situated, petition any court of competent jurisdiction for the appointment of a successor trustee with respect to the Notes of such Series.

(f) The Company shall give notice to each of the Noteholders in the manner provided in Section 1.04 of each resignation and each removal of the Trustee and each appointment of a successor Trustee with respect to the Notes of any Series. Each notice shall include the name of the successor Trustee and the address of its Corporate Trust Office.

Section 7.10 Acceptance of Appointment by Successor.

Every successor Trustee appointed hereunder shall execute, acknowledge and deliver to the Company and the retiring Trustee an instrument accepting such appointment, and thereupon the resignation or removal of the retiring Trustee shall become effective and such successor Trustee, without any further act, deed or conveyance, shall become vested with all the rights, powers, trusts and duties of the retiring Trustee; but, on request of the Company or the successor Trustee, such re-

tiring Trustee shall, upon payment of its reasonable charges, execute and deliver an instrument transferring to such successor Trustee all the rights, powers and trusts of the retiring Trustee (provided, however, that if the retiring Trustee has been removed, pursuant to Section 7.09(c), with respect to less than all Series for which it is Trustee, then such transfer shall be limited to its rights and powers with respect to each Series with respect to which it has been removed), and shall duly assign, transfer and deliver to such successor Trustee all property and money held by such retiring Trustee hereunder (provided, however, that if the retiring Trustee has been removed, pursuant to Section 7.09(c), with respect to less than all Series for which it is Trustee, then such assignment, transfer and delivery by the retiring Trustee shall be limited to the property and money held by it for the benefit of the Holders of Notes of the Series with respect to which it has been removed), subject nevertheless to its lien, if any, provided for in Section 7.07. Upon request of any such successor Trustee, the Company shall execute any and all instruments for more fully and certainly vesting in and confirming to such successor Trustee all such rights, powers and trusts.

No successor Trustee shall accept its appointment unless at the time of such acceptance such successor Trustee shall be eligible under this Article.

Section 7.11 Merger, Conversion, Consolidation or Succession to Business 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, or any corporation succeeding to all or substantially all of the corporate trust business of the Trustee, shall be the successor of the Trustee hereunder, provided such corporation shall be otherwise qualified and eligible under this Article, without the execution or filing of any paper or any further act on the part of any of the parties hereto. In case any Notes have been authenticated, but not delivered, by the Trustee then in office, any successor by merger, conversion or consolidation to such authenticating Trustee may adopt such authentication and deliver the Notes so authenticated with the same effect

as if such successor Trustee had itself authenticated such Notes.

Section 7.12 Co-trustees and Separate Trustees.

At any time or times, for the purpose of meeting the legal requirements of any jurisdiction in which any of a Trust Estate may at the time be located, the Company and the Trustee shall have power to appoint, and, upon the written request of the Trustee or of the Holders of Notes representing at least 25% of the aggregate principal value of the Outstanding Notes of the Series secured by the Trust Estate with respect to which a co-trustee or separate trustee is being appointed, the Company shall for such purpose join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to appoint, one or more Persons approved by the Trustee, either to act as co-trustee, jointly with the Trustee of all or any part of such Trust Estate, or to act as separate trustee of any such property, in either case with such powers as may be provided in the instrument of appointment, and to vest in such Person or Persons in the capacity aforesaid, any property, title, right or power deemed necessary or desirable, subject to the other provisions of this Section. If the Company does not join in such appointment within 30 days after the receipt by it of a request so to do, or in case an Event of Default has occurred and is continuing, the Trustee alone shall have power to make such appointment.

Should any written instrument from the Company be reasonably required by any co-trustee or separate trustee so appointed for more fully confirming to such co-trustee or separate trustee such property, title, right or power, any and all such instruments shall, on request, be executed, acknowledged and delivered by the Company.

Every co-trustee or separate trustee shall, to the extent permitted by law, but to such extent only, be appointed subject to the following terms:

(i) The Notes shall be authenticated and delivered by, and all rights, powers, duties and obligations hereunder in respect of the custody of securities, cash and

other personal property held by, or required to be deposited or pledged with, the Trustee hereunder, shall be exercised solely by the Trustee;

(ii) The rights, powers, duties and obligations hereby conferred or imposed upon the Trustee in respect of any property covered by such appointment shall be conferred or imposed upon and exercised or performed by the Trustee or by the Trustee and such co-trustee or separate trustee jointly, as shall be provided in the instrument appointing such co-trustee or separate trustee, except to the extent that under any law of any jurisdiction in which any particular act is to be performed, the Trustee shall be incompetent or unqualified to perform such act, in which event such rights, powers, duties and obligations shall be exercised and performed by such co-trustee or separate trustee;

(iii) The Trustee at any time, by an instrument in writing executed by it, with the concurrence of the Company evidenced by a Board Resolution, may accept the resignation of or remove any co-trustee or separate trustee, appointed under this Section, and, in case an Event of Default has occurred and is continuing, the Trustee shall have power to accept the resignation of, or remove, any such co-trustee or separate trustee without the concurrence of the Company. Upon the written request of the Trustee, the Company shall join with the Trustee in the execution, delivery and performance of all instruments and agreements necessary or proper to effectuate such resignation or removal. A successor to any co-trustee or separate trustee that has so resigned or been removed may be appointed in the manner provided in this Section;

(iv) No co-trustee or separate trustee hereunder shall be personally liable by reason of any act or omission of the Trustee or any other such trustee hereunder nor shall the Trustee be liable by reason of any

act or omission of any co-trustee or separate trustee hereunder; and

(v) Any Act of Noteholders delivered to the Trustee shall be deemed to have been delivered to each such co-trustee and separate trustee.

Section 7.13 Rights with Respect to the Servicer.

(a) The Trustee may discharge the Servicer at any time, but only in accordance with the terms of the Servicing Agreement.

(b) If the Company shall have knowledge of the occurrence of any event of default under the Servicing Agreement relating to any Series of Notes, the Company shall promptly, and in no event later than within 5 days, notify the Trustee and the Holders of the Notes of such Series thereof, and shall specify in such notice the action, if any, the Company is taking in respect of such event of default. So long as any event of default under the Servicing Agreement shall be continuing, the Trustee or the Holders of Notes representing not less than a majority of the aggregate principal amount of the Outstanding Notes of the related Series may, by written notice to the Servicer (and to the Trustee if given by Noteholders), terminate all of the rights and powers of the Servicer under the Servicing Agreement pursuant to the terms thereof.

(c) Upon any termination of the Servicer's rights and powers pursuant to the Servicing Agreement, all rights, powers, duties and responsibilities of the Servicer under the Servicing Agreement with respect to the related Lease Receivables shall vest in and be assumed by the Trustee, and the Trustee shall be the successor in all respects to the Servicer in its capacity as Servicer with respect to such Lease Receivables hereunder and under the Servicing Agreement; provided, however, that the Trustee shall not succeed to the obligations of the Servicer under the Servicing Agreement to (i) make Advances concerning any Bi-Monthly Pay Lease Receivables, Quarterly Pay Lease Receivables or Semi-Annual Pay Lease Receivables or (ii) make any payments under any Lease Contracts related to Full Service Lease Receivables for maintenance of any Equipment in excess of the Maintenance

Fee actually received with respect thereto and any amounts then available for the payment of such maintenance expenses in the Equipment Maintenance Account or Substitute Servicer Account. Immediately upon assuming the obligations of Substitute Servicer, the Trustee shall establish a Lockbox Account pursuant to Section 5.02 of the Servicing Agreement. At such time, the Trustee, serving as the agent of both the Noteholders and the lenders under the Credit Agreement, shall (i) disaggregate payments deposited into the Lockbox Account with respect to the Lease Receivables from any other payments not related to the Lease Receivables on a weekly basis, and (ii) disaggregate Mileage Allowances related to the Lease Receivables deposited into the Lockbox Account from any Mileage Allowances which do not relate to the Lease Receivables, and shall remit such unrelated payments in accordance with the provisions of the Intercreditor Agreement, the Credit Agreement and the Indenture. The Trustee may resign or decline to serve as the Servicer by giving written notice of such resignation or declination to the Company and in such event will be released from such duties and obligations, such release to be effective on the date a Substitute Servicer enters into a servicing agreement with the Company and the Trustee as provided below. Upon delivery of such notice to the Company, the Trustee, at the direction of the Holders of a majority in principal amount of the Outstanding Notes shall appoint a Substitute Servicer; provided, however, that any such Substitute Servicer shall (i) be a corporation formed under the laws of the United States of America or any state thereof or the District of Columbia, (ii) have a net worth of at least $15,000,000 and (iii) shall service, on its own behalf or on behalf of others, railcar equipment leases aggregating at least $20,000,000. If the Trustee shall succeed to the Servicer's duties as provided herein, it shall do so in its individual capacity and not in its capacity as Trustee and, accordingly, the provisions of Article Seven shall be inapplicable to the Trustee in its duties as the successor to the Servicer and the servicing of the Lease Receivables. In all other respects other than as may be provided in the Servicing Agreement for a Series, the rights and obligations of the Substitute Servicer shall be the same as those of the Servicer.

Section 7.14 Servicer as Agent and Bailee of Trustee.

Solely for the purpose of perfection under Section 9-305 of the Uniform Commerical Code of the state in which such property is held by the Servicer, the Trustee hereby acknowledges that the Servicer is acting as agent and bailee of the Trustee in administering monies pursuant to the Servicing Agreement, and by other items constituting a part of the Trust Estate, including the Lease Contracts and the files relating to the Lease Receivables and the related Equipment, which from time to time come into the possession of the Servicer. It is intended that, by the Servicer's acceptance of such agency pursuant to the Servicing Agreement, the Trustee, as a secured party, will be deemed to have possession of such monies and such other items for purposes of Section 9-305 of the Uniform Commercial Code of the state in which such property is held by the Servicer.

Section 7.15 Appointment of Authenticating Agent.

The Trustee may appoint an Authenticating Agent or Agents with respect to one or more series of Notes which shall be authorized to act on behalf of the Trustee to authenticate Notes of such series issued upon original issue or upon exchange, registration of transfer or partial redemption thereof or pursuant to Section 3.07, and Notes so authenticated shall be entitled to the benefits of this Indenture and shall be valid and obligatory for all purposes as if authenticated by the Trustee hereunder. Wherever reference is made in this Indenture to the authentication and delivery of Notes by the Trustee or the Trustee's certificate of authentication or the delivery of Notes to the Trustee for authentication, such reference shall be deemed to include authentication and delivery on behalf of the Trustee by an Authenticating Agent and a certificate of authentication executed on behalf of the Trustee by an Authenticating Agent and delivery of the Notes to the Authenticating Agent on behalf of the Trustee. Each Authenticating Agent shall be acceptable to the Company and shall at all times be a corporation having a combined capital and surplus of not less than the equivalent of $100,000,000 and subject to supervision or examination by Federal or state authority. If such Authenticating Agent publishes reports of condition at least annually, pursuant to law or to the re-

quirements of said supervising or examining authority, then for the purposes of this Section, the combined capital and surplus of such Authenticating Agent shall be deemed to be its combined capital and surplus as set forth in its most recent report of condition so published. If at any time an Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, such Authenticating Agent shall resign immediately in the manner and with the effect specified in this Section.

Any corporation into which an Authenticating Agent may be merged or converted or with which it may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which such Authenticating Agent shall be a party, or any corporation succeeding to the corporate agency or corporate trust business of such Authenticating Agent, shall continue to be an Authenticating Agent without the execution or filing of any paper or any further act on the part of the Trustee or such Authenticating Agent; provided, such corporation shall be otherwise eligible under this Section.

An Authenticating Agent may resign at any time by giving written notice thereof to the Trustee and to the Company. The Trustee may at any time terminate the agency of an Authenticating Agent by giving written notice thereof to such Authenticating Agent and to the Company. Upon receiving such a notice of resignation or upon such a termination, or in case at any time such Authenticating Agent shall cease to be eligible in accordance with the provisions of this Section, the Trustee may appoint a successor Authenticating Agent which shall be acceptable to the Company and shall mail written notice of such appointment by first-class mail, postage prepaid, to all Holders of Notes, if any, of the Series with respect to which such Authenticating Agent will serve, as their names and addresses appear in the Security Register. Any successor Authenticating Agent upon acceptance of its appointment hereunder shall become vested with all the rights, powers and duties of its predecessor hereunder, with like effect as if originally named as an Authenticating Agent. No successor Authenticating Agent shall be appointed unless eligible under the provisions of this Section.

If an appointment is made pursuant to this Section, the Notes may have endorsed thereon, in addition

to the Trustee's certificate of authentication, an alternate certificate of authentication in the following form:

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

TEXAS COMMERCIAL BANK
NATIONAL ASSOCIATION,
AS TRUSTEE

By: _____
As Authenticating Agent

By: _____
Authorized Officer

ARTICLE EIGHT

REPORTS BY TRUSTEE, SERVICER AND COMPANY

Section 8.01 Monthly Servicer Report.

On the Delivery Date and at least five days prior to each Payment Date, the Servicer shall deliver to the Trustee, the Company, and any Rating Agency rating the Notes of a Series, and on each Payment Date for any Series the Trustee shall furnish to each Noteholder of the Series (provided that the Trustee has received such reports from the Servicer), the Monthly Servicer Report in the form provided in the Servicing Agreement for such Series with respect to activity in the month immediately preceding the month in which such report is to be provided. Lease Receivables purchased by Rail or on account of defaults with respect to which draws on the Spread Account are to be made shall be identified by Customer lease number. The Trustee may rely conclusively on the Monthly Servicer Report without any independent verification and shall in no way be liable for actions taken in good faith reliance upon the information set forth in the Monthly Servicer Report.

On or before 120 days after the end of each fiscal year of the Servicer, the Servicer shall deliver to the Company, the Trustee, each Noteholder and any Rating Agency rating the Notes of a Series a report of a

firm of independent public accountants of recognized national standing selected by the Servicer to the effect that such firm has examined certain documents and records relating to the servicing of the Lease Contracts, the Lease Receivables and the Equipment under this Indenture, any related supplement thereto and the related Servicing Agreement and that, on the basis of such examination conducted substantially in compliance with generally accepted audit standards, nothing came to their attention which caused them to believe that the Servicer has accounted for matters regarding the Lease Contracts, the Lease Receivables and the Equipment, including deposits in and withdrawals from the Servicing Account, the Equipment Maintenance Account, the Substitute Servicer Account and the Spread Account and requested withdrawals from the Collection Account, otherwise than in accordance with the Indenture, any related supplement thereto and the related Servicing Agreement, except for such insignificant exceptions or errors on records that, in the opinion of such firm, it is not required to report.

The Servicer shall cause to be maintained books and records showing, on a monthly basis, the information needed for the following calculations: (1) the Principal Distribution Amount for each Payment Date, (2) the aggregate amount of interest accrued for the Due Period immediately preceding the related Payment Date, (3) the unpaid principal amount of the Notes Outstanding after giving effect to the payments to be made on such Payment Date, (4) the Note Value, and (5) such other information which the Trustee or any Holder of the Notes may reasonably request. Such books and records will be available for inspection by the Trustee and any Noteholder upon reasonable notice at any time during normal business hours.

ARTICLE NINE

SUPPLEMENTAL INDENTURES

Section 9.01 Supplemental Indentures without Consent of Noteholders.

Without the consent of the Holders of any Notes, the Company, the Servicer and the Trustee, at any time and from time to time, may enter into one or more indentures supplemental hereto, in form satisfactory to the Trustee, for any of the following purposes, so long

as any such Supplemental Indenture does not cause a downgrading of the rating on the Notes and, with respect to any Supplemental Indenture entered into for a purpose described in any of subclauses (5) and (10), the Company shall provide to the Trustee prior to entering into any such Supplemental Indenture a confirmation from the Rating Agency then rating the Notes to the effect that such action would not cause a downgrading of the rating on the Notes:

(1) to correct or amplify the description of any property at any time subject to the lien of this Indenture, or better to assure, convey and confirm unto the Trustee any property subject or required to be subjected to the lien of this Indenture, or to subject to the lien of this Indenture additional property; or

(2) to add to the conditions, limitations and restrictions on the authorized amount, terms and purposes of issue, authentication and delivery of any Series of Notes, as herein set forth, additional conditions, limitations and restrictions thereafter to be observed, for the benefit of the Noteholders; or

(3) to set forth the terms of, and security for, any Series that has not theretofore been authorized by a Supplement; or

(4) to amend Article Four, but only with respect to a Series that has not theretofore been authorized by a Supplement; or

(5) to evidence the succession of another Person to the Company, and the assumption by such successor of the covenants of the Company in accordance with the provisions of this Indenture;

(6) to add to the covenants of the Company, for the benefit of the Holders of all Notes or of any Series, or to surrender any right or power herein conferred upon the Company; or

(7) to convey, transfer, assign, mortgage or pledge any property to or with the Trustee; or

(8) to cure any ambiguity, to correct or sup-

plement any provision herein which may be defective or inconsistent with any other provisions with respect to matters or questions arising under this Indenture, which shall not be inconsistent with the provisions of this Indenture, provided that such action shall not adversely affect the interests of the Holders of the Notes; or

(9) to modify, eliminate or add to the provisions of this Indenture to such extent as shall be necessary to effect the qualification of this Indenture under the Trust Indenture Act of 1939, as amended, or under any similar federal statute hereafter enacted, and to add to this Indenture such other provisions as may be expressly required by the Trust Indenture Act of 1939, as amended; or

(10) to evidence the succession of the Trustee pursuant to Article Seven; or

(11) to add to any Events of Default.

The Trustee is hereby authorized to join in the execution of any such supplemental indenture and to make any further appropriate agreements and stipulations that may be therein contained, but the Trustee shall not be obligated to enter into any such supplemental indenture that affects the Trustee's own rights, duties, liabilities or immunities under this Indenture or otherwise. The Company will send a copy of any such supplemental indenture to each Noteholder promptly following the execution and delivery thereof.

Section 9.02 Supplemental Indentures with Consent of Noteholders.

With the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes, in case Outstanding Notes of all Series are to be affected, or with the consent of the Holders of not less than a majority in principal amount of the Outstanding Notes of each Series to be affected in case one or more, but less than all of the Series of Outstanding Notes are to be affected, by Act of said Holders delivered to the Company and the Trustee, the Company, the Servicer and the Trustee may enter into an indenture or indentures supplemental hereto for the purpose of adding any provisions to or changing in any manner or eliminating any of the provisions of, this Indenture relating to such Series

or of modifying in any manner the rights of the Holders of the Notes of such Series under this Indenture; provided, however, that no such supplemental indenture shall, without the consent of the Holders of each Outstanding Note affected thereby:

(1) change the Stated Maturity of the principal of, or any installment of interest on, any Note, or reduce the principal amount thereof or the rate of interest thereon or change any place of payment where, or the coin or currency in which, any Note or the interest thereon is payable, or change the authorized denomination of any Note, or impair the right to institute suit for the enforcement of any such payment; or

(2) reduce the percentage in principal amount of the Outstanding Notes of any Series, the consent of the Holders of which is required for any such supplemental indenture, or the consent of the Holders of which is required for any waiver of compliance with certain provisions of this Indenture or certain defaults hereunder or their consequences provided for in this Indenture or the consent of which is required to waive any payment default on the Notes, or

(3) impair or adversely affect the Trust Estate applicable to a Series except as otherwise permitted herein; or

(4) modify or alter the provisions of the proviso to the definition of the term "Outstanding"; or

(5) modify or alter the provisions of Section 6.04 or 6.08; or

(6) modify any of the provisions of this Section 9.02, except to increase any such percentage or to provide that certain other provisions of this Indenture cannot be modified or waived without the consent of the Holder of each Outstanding Note affected thereby; or

(7) permit the creation of any lien ranking prior to or on a parity with the lien of this Indenture with respect to any part of a Trust Estate or

terminate the lien of this Indenture on any property at any time subject hereto or deprive the Holder of any Note of the security afforded by the lien of this Indenture.

The Trustee may in its discretion determine whether or not any Notes of any particular Series would be affected by any supplemental indenture and any such determination shall be conclusive upon the Holders of all Notes, whether theretofore or thereafter authenticated and delivered hereunder. The Trustee shall not be liable for any such determination made in good faith.

Promptly after the execution by the Company, the Servicer and the Trustee of any supplemental indenture pursuant to this Section, the Company shall mail to the Holders of the Notes to which such supplemental indenture relates, a conformed copy of such supplemental indenture. Any failure of the Company to mail such conformed copy, or any defect therein, shall not, however, in any way impair or affect the validity of any such supplemental indenture.

Section 9.03 Execution of Supplemental Indentures.

In executing, or accepting the additional trusts created by, any supplemental indenture permitted by this Article or the modifications thereby of the trusts created by this Indenture, the Trustee shall be entitled to receive upon request, and (subject to Section 7.01) shall be fully protected in relying upon, an Opinion of Counsel reasonably acceptable to the Trustee stating that the execution of such supplemental indenture is authorized or permitted by this Indenture. The Trustee may, but shall not (except to the extent required in case of a supplemental indenture entered into under Section 9.01(9)) be obligated to, enter into any such supplemental indenture which affects the Trustee's own duties or immunities under this Indenture or otherwise.

Section 9.04 Effect of Supplemental Indentures.

Upon the execution of any supplemental indenture under this Article, this Indenture shall be modified in accordance therewith, and such supplemental indenture shall form a part of this Indenture for all purposes; and

every Holder of Notes theretofore or thereafter authenticated and delivered hereunder shall be bound thereby.

Section 9.05 Reference in Notes to Supplemental Indentures.

Notes authenticated and delivered after the execution of any supplemental indenture pursuant to this Article may, and if required by the Trustee shall, bear a notation in form approved by the Trustee as to any matter provided for in such supplemental indenture. If the Company shall so determine, new Notes so modified as to conform, in the opinion of the Trustee and the Company, to any such supplemental indenture may be prepared and executed by the Company and authenticated and delivered by the Trustee in exchange for Outstanding Notes.

ARTICLE TEN

REDEMPTION OF NOTES

Section 10.01 Redemption at the Option of the Company; Election to Redeem.

The Notes of a Series may be redeemed by the Company at the option of the Company, in whole or in part as to the then Outstanding Notes, on a pro rata basis as permitted by the related Supplement, and in the manner, at the Redemption Price, and at the dates specified in the related Supplement (unless otherwise provided in the related Supplement).

The Company shall set the Redemption Date and the Redemption Record Date and give notice thereof to the Trustee pursuant to Section 10.02.

Installments of interest and principal due on or prior to a Redemption Date shall continue to be payable to the Holders of Notes called for redemption as of the relevant Record Dates according to their terms and the provisions of Section 3.08. The election of the Company to redeem any Notes pursuant to this Section shall be evidenced by a Board Resolution directing the Trustee to make the payment of the Redemption Price on all of the Notes to be redeemed from monies deposited with the Trustee pursuant to Section 10.04.

Section 10.02 Notice to Trustee.

Unless otherwise specified in the related Supplement, in the case of any redemption pursuant to Section 10.01, the Company shall, at least 15 days prior to the Redemption Date (unless a shorter notice shall be satisfactory to the Trustee), notify the Trustee of such Redemption Date.

Section 10.03 Notice of Redemption by the Company.

Notice of redemption pursuant to Section 10.01 shall be given by first-class mail, postage prepaid, mailed not less than 15 days prior to the applicable Redemption Date, to each Holder of Notes whose Notes are to be redeemed, at his address in the Note Register.

All notices of redemption shall state:

(1) the Redemption Date;

(2) the Redemption Price;

(3) that on the Redemption Date, the Redemption Price will become due and payable upon each such Note, and that interest thereon shall cease to accrue on such date; and

(4) the place where such Notes are to be surrendered within 60 days after payment of the Redemption Price.

Notice of redemption of Notes shall be given by the Company or, at the Company's request, by the Trustee in the name and at the expense of the Company. Failure to give notice of redemption, or any defect therein, to any Holder of any Note selected for redemption shall not impair or affect the validity of the redemption of any other Note.

Section 10.04 Deposit of the Redemption Price.

On or before the Business Day next preceding any Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of monies sufficient to pay the Redemption Price of all Notes which are to be redeemed on such Redemption Date (less any

portion of such payment to be made from monies in the Collection Account for the Series of Notes to be redeemed).

In the case of a redemption pursuant to which a sale under Section 10.06 is to be held, on or before the Business Day next preceding the related Redemption Date, the Company shall deposit with the Trustee or with the Paying Agent an amount of money equal to at least the remaining principal amount of the Notes to be redeemed on the related Redemption Date plus one month's interest.

Section 10.05 Notes Payable on Redemption Date.

Notice of redemption having been given as provided in Section 10.03, the Notes to be redeemed shall, on the applicable Redemption Date, become due and payable at the Redemption Price and on such Redemption Date (unless the Company shall default in the payment of the Redemption Price) such Notes shall cease to bear interest. The Holders of such Notes shall be paid the Redemption Price by the Paying Agent on behalf of the Company on the Redemption Date; provided, however, that installments of principal and interest which are due on or prior to the Redemption Date shall be payable to the Holders of such Notes registered as such on the relevant Record Dates according to their terms and the provisions of Section 3.08.

If the Holders of any Note called for redemption shall not be so paid the principal and premium, if any, shall, until paid, bear interest from the Redemption Date at the related Note Interest Rate.

Section 10.06 Sale for Purposes of Redemption.

(a) Upon Company Order, the Company may direct the Servicer to sell all or some of the Lease Receivables securing a particular Series on behalf of the Company for the purpose of redeeming all Notes of such Series which may be redeemed in accordance with Section 10.01. The Company Order shall (i) specify the time and place of the sale, terms and the manner in which the sale is to be conducted and (ii) be accompanied by an Officer's Certificate certifying that no Event of Default under the Indenture with respect to the Series of Notes to be redeemed is continuing. The date of any such sale

shall be in the same calendar month as, and prior to, the Redemption Date. Upon receipt of such Company Order, the Servicer shall employ its best efforts to sell the Lease Receivables securing the Notes of such Series on the terms and conditions specified therein; provided, however, the Servicer may only sell such Lease Receivables if (x) no Event of Default with respect to the Notes collateralized by such Lease Receivables shall be continuing, (y) the amounts required to have been deposited with the Trustee or a Paying Agent pursuant to Section 10.04 shall have been so deposited, and (z) the monies provided by such sale together with the deposit, if any, pursuant to Section 10.04 is sufficient to pay the Redemption Price of the Notes and all other amounts owing under this Indenture including but not limited to the fees and expenses of the Servicer and the Trustee in connection with such sale. The Servicer shall deposit all proceeds from such sale (net of the Servicer's and the Trustee's fees and expenses in connection with such sale) in the Collection Account.

(b) The Trustee shall execute and deliver an appropriate instrument of conveyance transferring its interest in any portion of the Lease Receivables securing the Notes of a particular Series in connection with a sale thereof. In addition, the Trustee is hereby irrevocably appointed the agent and attorney-in-fact of the Company to transfer and convey the Company's interest in any portion of such Lease Receivables in connection with a sale thereof, and to take all action necessary to effect such sale. No purchaser or transferee at such a sale shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or to see to the application of any monies.

ARTICLE ELEVEN

COVENANTS

Section 11.01 Payment of Principal and Interest.

The Company will duly and punctually pay or cause to be paid the principal of, premium, if any, and interest on the Notes in accordance with the terms of the Notes and this Indenture.

Section 11.02 Maintenance of Office or Agency.

The Company will maintain an office or agency within the United States of America where Notes may be presented or surrendered for payment, where Notes may be surrendered for registration of transfer or exchange and where notices and demand to or upon the Company in respect of the Notes and this Indenture may be served. The Company hereby initially appoints the Trustee, its office or agency for each of said purposes. The Company will give prompt written notice to the Trustee of the location, and of any change in the location, of any such office or agency. If at any time the Company shall fail to maintain any such office or agency or shall fail to furnish the Trustee with the address thereof, such presentations, surrenders, notices and demands may be made or served at the Trustee and the Company hereby appoints the Trustee, its agent to receive all such presentations, surrenders, notices and demands.

Section 11.03 Money for Note Payments to be Held in Trust.

The Company shall, on or before the second Business Day next preceding each Payment Date, deposit or cause to be deposited into the Collection Account for the related Series a sum sufficient to pay the principal and interest so becoming due, such sum to be held in trust for the benefit of the Noteholders entitled to such principal and interest, and the Company will promptly notify the Trustee of its action or failure so to act.

If there is any Paying Agent other than the Trustee, the Company will cause each Paying Agent other than the Trustee to execute and deliver to the Trustee an instrument in which such Paying Agent shall agree with the Trustee that, subject to the provisions of this Section, such Paying Agent will:

(1) hold all sums held by it for the payment of principal of or interest on Notes in trust for the benefit of the Noteholders entitled thereto until such sums shall be paid to such Persons or otherwise disposed of as herein provided;

(2) give the Trustee notice of any Default by the Company (or any other obligor upon the Notes) in

the making of any payment of principal or interest; and

(3) at any time during the continuance of any such Default, upon the written request of the Trustee, forthwith pay to the Trustee all sums so held in trust by such Paying Agent.

The Company may at any time, for the purpose of obtaining the satisfaction and discharge of this Indenture or for any other purpose, pay, or by Company Order direct any Paying Agent to pay, to the Trustee all sums held in trust by such Paying Agent, such sums to be held by the Trustee upon the same trusts as those upon which such sums were held by such Paying Agent; and, upon such payment by any Paying Agent to the Trustee, such Paying Agent shall be released from all further liability with respect to such money.

Any money deposited with the Trustee or any Paying Agent in trust for the payment of the principal of or interest on any Note and remaining unclaimed for six years after such principal or interest has become due and payable shall be paid to the Company on Company Request or if then held by the Company shall be discharged from such trust; and the Holder of such Note shall thereafter, as an unsecured general creditor, and subject to any applicable statute of limitations, look only to the Company for payment thereof, and all liability of the Trustee or such Paying Agent with respect to such trust money, shall thereupon cease; provided, however, that the Trustee or such Paying Agent, before being required to make any such repayment, may at the expense of the Company cause to be published once, in a newspaper published in the English language, customarily published on each Business Day and of general circulation in the city in which the Corporate Trust Office is located, notice that such money remains unclaimed and that, after a date specified therein, which shall not be less than 30 days from the date of such publication, any unclaimed balance of such money then remaining will be repaid to the Company. The Trustee may also adopt and employ, at the expense of the Company, any other reasonable means of notification of such repayment (including, but not limited to, mailing notice of such repayment to Noteholders whose right to or interest in monies due and payable but not claimed is determinable from the records of any Paying Agent, at the

last address as shown on the Note Register for each such Noteholder).

Section 11.04 Corporate Existence.

The Company will keep in full effect its existence, rights and franchises as a corporation under the laws of the State of Delaware (unless it becomes incorporated under the laws of any other State or the United States of America, in which case the Company will keep in full effect its existence, rights and franchises as a corporation under the laws of such other jurisdiction), will operate in accordance with, and subject to the limitations set forth in, its certificate of incorporation, and will obtain and preserve its qualification to do business as a foreign corporation in each jurisdiction in which such qualification is or shall be necessary to protect the validity and enforceability of this Indenture or the Notes.

Section 11.05 Protection of Trust Estate.

The Company will from time to time execute and deliver all such supplements and amendments hereto and all such financing statements, continuation statements, instruments of further assurance and other instruments as are necessary to protect the Trust Estate, and will take such other actions as the Trustee reasonably deems necessary or advisable to:

(i) Grant more effectively all or any portion of the Trust Estate;

(ii) maintain or preserve the lien of this Indenture or carry out more effectively the purposes hereof;

(iii) perfect, publish notice of, or protect the validity of any Grant made or to be made by this Indenture;

(iv) enforce any of the Lease Receivables or, where appropriate, any security interest in the Collateral and the proceeds thereof; or

(v) preserve and defend title to the Trust Estate and the rights of the Trustee and the Noteholders therein against the claims of all Persons and parties.

If an Event of Default shall have occurred and be continuing, the Company hereby irrevocably designates the Trustee, its agent and attorney-in-fact to execute any financing statement, continuation statement or other instrument required pursuant to this Section 11.05.

Section 11.06 Negative Covenants.

The Company will not:

(i) sell, transfer, exchange or otherwise dispose of any of the Trust Estate with respect to each Series (except as expressly permitted by Section 10.06 and except as provided in Sections 12.06 and 12.07);

(ii) claim any credit on, or make any deduction from, the principal or interest payable in respect of the Notes by reason of the payment of any taxes levied or assessed upon any of the Trust Estate;

(iii) amend its Certificate of Incorporation without the consent of the holders of not less than 100% of the aggregate principal amount of the Outstanding Notes of each Series then Outstanding, except with respect to minor amendments to Articles First and Second of such Certificate of Incorporation;

(iv) as to the initial issuance of the Notes under this Indenture, issue such Notes unless such Notes have been rated at least BBB by Standard & Poor's Corporation; nor will the Company, as to any subsequent incurrence of debt pursuant to any other notes, bonds, securities, or other obligations ("Other Credit Obligations") incur any such Other Credit Obligations unless (w) the principal and interest payable on such Other Credit Obligations are payable to the lender with respect to such Other Credit Obligations solely from the proceeds of the property pledged as security

therefor (which shall not be part of the Collateral for any Series) or represented thereby and do not constitute a claim against the Company to the extent such proceeds are insufficient to pay such debt, (x) such Other Credit Obligations are fully guaranteed by Rail and fully subordinated to the Notes in terms of payment and liquidation priority and to any fees or other amounts payable in connection with the Notes (unless the issuance of such Other Credit Obligations which are not subordinated to the Notes would not cause a downgrading of the rating of the Notes as evidenced by a certificate from the Rating Agency provided to the Trustee by the Company), (y) the lender with respect to such Other Credit Obligations enters into an agreement with the Company and the Trustee for the benefit of the Noteholders in form and substance acceptable to the Noteholders relating to the lender's rights and obligations in connection with subclauses (w) and (x) hereof and (z) the creditors with respect to such Other Credit Obligations agree not to file an involuntary petition in bankruptcy against the Company,

(v) (a) permit the validity or effectiveness of this Indenture or any Grant under the related Supplement to be impaired, or permit this Indenture to be amended, hypothecated, subordinated, terminated or discharged with respect to any Series, or permit any Person to be released from any covenants or obligations with respect to such Series under this Indenture, except as may be expressly permitted hereby and thereby, (b) permit any lien, charge, security interest, mortgage or other encumbrances to be created on or extended to or otherwise arise upon or burden the Trust Estate for such Series or any part thereof or any interest therein or the proceeds thereof or incur any indebtedness other than Notes pursuant to paragraph (iv) above, unless such indebtedness shall not adversely affect the rating on the initial issuance of Notes under this Indenture as evidenced by a certificate of the Rating Agency, or (c) permit this Indenture not to constitute a valid first priority security

interest in the Trust Estate securing such Series; or

(vi) dissolve or liquidate in whole or in part.

Section 11.07 Statement as to Compliance.

The Company will deliver to the Trustee, the Rating Agency, and to each holder of the Notes of the related Series, on or before each December 31 (commencing December 31, 1990), a written statement signed by the Chairman, the President, a Vice President, the Treasurer, or the Controller of the Company, stating, as to the signer thereof, that:

(1) a review of the activities of the Company during the preceding year and of performance under this Indenture has been made under his supervision, and

(2) the Company has fulfilled all its obligations under this Indenture throughout such year, or, if there has been a default in the fulfillment of any such obligation, specifying each such Default known to him and the nature and status thereof.

Section 11.08 Investment Company Act.

The Company will conduct its operations in a manner which will not subject it to registration as an "investment company" under the Investment Company Act of 1940.

Section 11.09 Enforcement of Servicing Agreement and Contribution Agreement.

The Company will take all actions necessary, and diligently pursue all remedies available to it, to the extent commercially reasonable, to enforce the obligations of the Servicer under the Servicing Agreement and Rail under the Contribution Agreement and to secure its rights thereunder.

Section 11.10 Company May Not Consolidate.

The Company shall not consolidate or merge with or into any other Person or convey or transfer its properties and assets substantially as an entirety to any Person.

Section 11.11 Opinions as to Trust Estate.

On or before June 30 in each calendar year commencing with 1990, the Company shall furnish to the Trustee an Opinion of Counsel either stating that, in the opinion of such counsel, such action has been taken during the immediately preceding 12-month period with respect to the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents, and with respect to the execution and filing of any financing statements and continuation statements as is necessary to maintain the lien and security interest created by this Indenture (except with respect to any portion of the Trust Estate securing a Series with a Delivery Date less than 120 days prior to the date of such Opinion of Counsel) and reciting the details of such action or stating that in the opinion of such counsel no such action is necessary to maintain such lien and security interest. Such Opinion of Counsel shall also describe the recording, filing, re-recording and refiling of this Indenture, any indentures supplemental hereto and any other requisite documents and the execution and filing of any financing statements and continuation statements that will, in the opinion of such counsel, be required to maintain the lien and security interest of this Indenture until June 30 in the following calendar year.

Section 11.12 Performance of Obligations.

The Company will not take any action and will use its best efforts not to permit any action to be taken by others that would release any Person from any of such Person's covenants or obligations under any instrument included in the Trust Estate, or which would result in the amendment, hypothecation, subordination, termination or discharge of, or impair the validity or effectiveness of, any such instrument, except as expressly provided in this Indenture or the related Contribution Agreement or Servicing Agreement or such other instrument.

Section 11.13 Pro-Rata Purchases.

Neither the Company nor the Servicer will, directly or indirectly, through any Affiliate or otherwise, purchase or otherwise acquire (otherwise than by prepayment required or permitted by this Indenture) or solicit any offers to sell Notes of any Series except pursuant to invitation to tender Notes of such Series, at the same price, and the same terms, made concurrently to all Holders of Outstanding Notes of such Series.

Section 11.14 Single Series.

Notwithstanding any other provision of this Indenture, the Company will issue only one Series of Notes under this Indenture.

ARTICLE TWELVE

ACCOUNTS, ACCOUNTINGS AND RELEASES

Section 12.01 Collection of Money.

Except as otherwise expressly provided herein, the Trustee may demand payment or delivery of, and shall receive and collect, directly and without intervention or assistance of any fiscal agent or other intermediary, all money and other property payable to or receivable by the Trustee pursuant to this Indenture and upon an Event of Default hereunder, which Event of Default has not been cured or otherwise waived as permitted hereunder, shall be responsible for directing the investment of such money in Eligible Investments, at its sole discretion, of the type specified in clause (ii) of the definition thereof; provided, however, that the Trustee shall not be responsible for any losses on such Eligible Investments relating to investments in any institutions other than itself. The Trustee shall hold all such money and property so received by it as part of the Trust Estate and shall apply it as provided in this Indenture. If any Customer Default, as defined in the Contribution Agreement, occurs in the making of any payment or performance under any Lease Receivable with respect to any Series, the Trustee, upon Company or Servicer request may, and upon the request of the Holders of a majority in principal amount of the Outstanding Notes of such Series shall, take such action as may be appropriate to enforce such payment or

performance, including the institution and prosecution of appropriate Proceedings. Any such action shall be without prejudice to any right to claim a Default or Event of Default under this Indenture and to proceed thereafter as provided in Article Six.

Section 12.02 Collection Account.

Prior to the Delivery Date for a Series, the Trustee shall open and maintain an account (the "Collection Account") in the trust department of the Trustee in the name of the Trustee, for the benefit of the Noteholders, for the receipt of Scheduled Payments on the Lease Receivables, payments made by Rail pursuant to the Contribution Agreement and by the Servicer and the Company pursuant to the Servicing Agreement, and all other payments to be deposited therein as provided in any Supplement, the Servicing Agreement or the Contribution Agreement. The Collection Account shall relate solely to the Notes of a Series, the Lease Receivables securing such Series, and Mileage Allowances related to Equipment securing a Series, and funds in such accounts shall not be commingled with any other monies. All payments to be made from time to time to the Noteholders of such Series out of funds in the Collection Account for such Series pursuant to this Indenture shall be made by the Paying Agent of the Company. The Servicer shall cause to be deposited in such Collection Account all Scheduled Payments of Lease Receivables and other required amounts received with respect to the Lease Receivables securing the Notes of such Series in accordance with the Servicing Agreement. All monies deposited from time to time in the Collection Account pursuant to this Indenture other than amounts withdrawable pursuant to Section 2.05(a) of the Servicing Agreement shall be held by the Trustee as part of the related Trust Estate as herein provided.

Monies in the Collection Account shall be subject to withdrawals pursuant to Section 13.01 of this Indenture.

Section 12.03 Spread Account.

(a) On or before the related Delivery Date with respect to a Series, the Company shall deposit the Specified Spread Account Balance into the Spread Account. All monies received by the Trustee pursuant to Sections 12.03(b) and 13.01 hereof with respect to a

Series, together with the initial deposit and any other monies deposited therein by the Trustee pursuant to the Servicing Agreement and any Eligible Investments in which such monies are or will be invested or reinvested during the term of this Indenture, and any income or other gain realized from such investment, shall be held by the Trustee in the Spread Account as part of the Trust Estate as security for such Series subject to disbursement and withdrawal as herein provided. Monies shall be subject to withdrawal in accordance with Subsections (d)(i) through (iii) and (e) of this Section 12.03.

(b) So long as no Event of Default has occurred and is continuing, upon Company Order all or a portion of the Spread Account for a Series shall be invested and reinvested at the Company's direction in one or more Eligible Investments provided that the balance of such account shall comply with Section 12.03(e). All income or other gain from such investments shall be credited to such Spread Account and any loss resulting from such investments shall be charged to such Spread Account provided, however, that the Company shall make or cause to be made on any Servicer Remittance Date a deposit to the Spread Account to the extent of any losses therein caused as a result of the Company's investment instructions provided for herein but only up to the Specified Spread Account Balance. To the extent specified in the Supplement for a Series, all or a portion of the income or other gain from such Eligible Investments in such Spread Account shall be paid to the Company or its designees as directed by a Company Order.

(c) If any amounts shall be needed for disbursement from the Spread Account for a Series as set forth in Section 12.03(d), the Trustee shall cause such investments of such Spread Account to be sold or otherwise converted to cash to the credit of such Spread Account. The Trustee shall not in any way be held liable by reason of the inability of the Trustee to make any required payment from such Spread Account because of any insufficiency of such Spread Account either resulting from any loss of investment in any Eligible Investment as herein provided or resulting from disbursements made pursuant to Section 12.03(d).

(d) Disbursements from the Spread Account for a Series shall be made, to the extent funds therefor are available, only as follows:

(i) in the event that the amount in the Collection Account at 3:00 p.m. New York time on the Servicer Remittance Date immediately preceding the related Payment Date, after taking into account any amounts required to be deposited into the Collection Account on such date pursuant to Sections 12.04(d)(ii) and 12.05(d)(i), is less than the sum of (I) the Aggregate Distribution Amount, (II) any Trustee Fees then due under Section 7.07(i) hereof and otherwise unpaid and (III) in the event that Rail is no longer the Servicer, any Servicing Fees then due and payable, the Trustee shall withdraw funds from the Spread Account on or prior to 4:00 p.m. New York time on the same day to the extent necessary to cover any such shortfall and deposit such funds into the Collection Account for disbursement to the appropriate parties;

(ii) in the event the Servicer or the Trustee acting as Substitute Servicer does not make an Advance to cover a Scheduled Payment not paid when due with respect to a Lease Receivable, the Trustee shall withdraw from the Spread Account an amount equal to such Scheduled Payment and deposit such amount into the Collection Account for payment to the Noteholders; and

(iii) immediately after the final payment of all principal, interest and premium, if any, due on the Notes and any other amounts payable under the Indenture, the Trustee shall withdraw funds from the Spread Account and disburse them as directed by Company Order.

(e) The Specified Spread Account Balance for the Spread Account for a Series shall be an amount set forth in the related Supplement on the Issue Date of such Series; provided, however, that if on any Payment Date the amount in the Spread Account, after giving effect to the distributions and withdrawals required pursuant to this Section 12.03 on the related

Servicer Remittance Date and the deposits into such account on such Payment Date, is greater than the Specified Spread Account Balance, the amount of such excess shall be distributed by the Trustee to or upon the order of the Company; provided, further, that upon Itel as Servicer becoming subject to a voluntary or involuntary bankruptcy proceeding pursuant to United States Code Title 11, no monies shall be disbursed from the Spread Account except in accordance with Section 12.03(d)(i) and (ii) hereof.

Section 12.04 Substitute Servicer Account.

(a) On or before the related Delivery Date with respect to a Series, the Company shall deposit a sum satisfactory to the rating agency rating the Notes into the Substitute Servicer Account. All monies received by the Trustee hereunder or pursuant to Section 2.03(a) of the Servicing Agreement with respect to a Series for deposit into the Substitute Servicer Account, together with the initial deposit, other monies deposited therein by the Trustee pursuant to the related Servicing Agreement and any Eligible Investments in which such monies are or will be invested or reinvested during the term of this Indenture, and any income or other gain realized from such investment, shall be held by the Trustee in the Substitute Servicer Account as part of the Trust Estate as security for such Series subject to disbursement and withdrawal as herein provided. Monies shall be subject to withdrawal in accordance with Subsections (d)(i) through (iv) and (e) of this Section 12.04.

(b) So long as no Event of Default has occurred and is continuing, upon Company Order all or a portion of the Substitute Servicer Account for a Series shall be invested and reinvested at the Company's direction in one or more Eligible Investments provided that the balance of such Account shall comply with Section 12.04(e). All income or other gain from such investments shall be credited to such Substitute Servicer Account and any loss resulting from such investments shall be charged to such Substitute Servicer Account; provided, however, that the Company shall make or cause to be made on any Servicer Remittance Date a deposit to the Substitute Servicer Account to the extent of any losses therein caused as a result of the Company's investment instructions provided for herein but only up to the Specified Substitute Servicer Account Balance. All or a portion of the income or other gain from such Eligi-

ble Investments in such Substitute Servicer Account for such Series shall be paid to the Company or its designees as directed by a Company Order, if and to the extent that the actual balance in the Spread Account equals the Specified Spread Account Balance.

(c) If any amounts invested as provided in Section 12.04(b) shall be needed for disbursement from the Substitute Servicer Account for a Series as set forth in Section 12.04(d), the Trustee shall cause a sufficient amount of such investments of such Substitute Servicer Account to be sold or otherwise converted to cash to the credit of such Substitute Servicer Account. The Trustee shall not in any way be held liable by reason of the inability of the Trustee to make any required payment from such Substitute Servicer Account because of any insufficiency of such Substitute Servicer Account either resulting from any loss of investment in any Eligible Investment as herein provided or resulting from disbursements made pursuant to Section 12.04(d).

(d) Disbursements from the Substitute Servicer Account for a Series shall be made, to the extent funds therefor are available, only as follows:

(i) in the event that Rail or any Substitute Servicer defaults in any of its obligations under the Lease Contracts to maintain or service any of the Equipment and such default is continuing for a period of 60 days after notice of such default has been delivered to Rail, the Trustee shall withdraw funds not to exceed $15,000 from the Substitute Servicer Account and disburse such funds to the new Substitute Servicer so as to facilitate the transition of all servicing duties, rights and obligations to such Substitute Servicer; provided, however, that upon the consent of the holders of a majority in principal amount of the Outstanding Notes, the Trustee may withdraw such amount in excess of such $15,000 as the Noteholders may authorize for such purpose; provided, however, that no such withdrawal shall be made if the balance in the Substitute Servicer Account after such withdrawal would fall to below $985,000;

(ii) in the event that on any Servicer Remittance Date the balance in the Equipment Maintenance Account allocable to Abatements is zero, and any Customers are credited with Abatements during the Due Period immediately prior to a related Payment Date, then the Trustee shall withdraw funds from the Substitute Servicer Account in the amount of such Abatements and deposit such amounts into the Collection Account for payment to the Noteholders;

(iii) in the event that on any Servicer Remittance Date the balance in the Equipment Maintenance Account allocable to Abatements is zero, taking into account any amounts to be deposited on the immediately succeeding Payment Date, a Substitute Servicer has been appointed, and actual maintenance charges are incurred during the Due Period immediately prior to a related Payment Date, then the Trustee shall withdraw funds from the Substitute Servicer Account in the amount of such maintenance charges and reimburse the Substitute Servicer to the extent of such amounts; and

(iv) immediately after final payment of all principal, interest and premium, if any, due on the Notes and any other amounts payable under the Indenture, the Trustee shall withdraw funds from the Substitute Servicer Account and disburse them to or upon the order of the Company.

(e) The Specified Substitute Servicer Account Balance for a Series shall be equal to an amount set forth in the related Supplement on the Issue Date of such Series; provided however, that if on any Payment Date the amount in the Substitute Servicer Account, after giving effect to the distributions and withdrawals required pursuant to this Section 12.04 on the immediately preceding Servicer Remittance Date and the deposits into such account on such Payment Date, is greater than the Specified Substitute Servicer Account Balance, the amount of such excess shall be distributed by the Trustee to or upon the order of the Company.

Section 12.05 Equipment Maintenance Account.

(a) On each Payment Date, the Trustee shall withdraw from the Collection Account and deposit all Maintenance Fees due under the Servicing Agreement with respect to Full Service Lease Receivables that have been paid or as to which Advances have been made except for such Maintenance Fees which are used to reimburse the Servicer pursuant to Section 2.05(b)(i) of the Servicing Agreement, into the Equipment Maintenance Account to the extent necessary to cause the balance of the Equipment Maintenance Account to be equal to the Specified Equipment Maintenance Account Balance, and all such deposits and any Eligible Investments in which such monies are or will be invested or reinvested during the term of this Indenture, and any income or other gain realized from such investment, shall be held by the Trustee in the Equipment Maintenance Account as part of the Trust Estate as security for such Series subject to disbursement and withdrawal as herein provided. Monies shall be subject to withdrawal in accordance with Subsections (d)(i) through (iii) and (e) of this Section 12.05.

(b) So long as no Event of Default has occurred and is continuing, upon Company Order all or a portion of the Equipment Maintenance Account for a Series shall be invested and reinvested at the Company's direction in one or more Eligible Investments provided that the balance of such Account shall comply with Section 12.05(e). All income or other gain from such investments shall be credited to such Equipment Maintenance Account and any loss resulting from such investments shall be charged to such Equipment Maintenance Account. To the extent specified in the Supplement for a Series, all or a portion of the income or other gain from such Eligible Investments in such Equipment Maintenance Account for such Series shall be paid to the Company or its designees as directed by a Company Order. The Company shall make or cause to be made on any Servicer Remittance Date a deposit to the Equipment Maintenance Account to the extent of any losses therein caused as a result of the Company's investment instructions provided for herein but only up to the Specified Equipment Maintenance Account Balance.

(c) If any amounts invested as provided in Section 12.05(b) shall be needed for disbursement from the Equipment Maintenance Account for a Series as set forth in Section 12.05(d), the Trustee shall cause a sufficient amount of such investments of such Equipment Maintenance Account to be sold or otherwise converted to cash to the credit of such Equipment Maintenance Account. The Trustee shall not in any way be held liable by reason of the inability of the Trustee to make any required payment from such Equipment Maintenance Account because of any insufficiency of such Equipment Maintenance Account either resulting from any loss of investment in any Eligible Investment in accordance herewith or resulting from disbursements made pursuant to Section 12.05(d).

(d) Disbursements from the Equipment Maintenance Account for a Series shall be made, to the extent funds are available therefor on each Servicer Remittance Date only as follows:

(i) from amounts therein allocable to Abatement Allowances in accordance with the Servicing Agreement for any Series, to cover any deficiency in the Collection Account which results from the occurrence of any Abatement during the Due Period immediately preceding a related Payment Date;

(ii) from amounts therein allocable to Maintenance Allowances in accordance with the Servicing Agreement for any Series, to reimburse the Servicer for any actual maintenance expenses incurred in connection with the Equipment, to the extent not already paid directly from the Maintenance Fee for the relevant period; and

(iii) immediately after the final payment of all principal, interest and premium, if any due on the Notes and any other amounts due and payable under the Indenture, the Trustee shall withdraw funds from the Equipment Maintenance Account and disburse them to or upon the order of the Company.

(e) The Specified Equipment Maintenance Account Balance for a Series shall be equal to an amount set forth in the related Supplement on the Issue Date of such Series. If on any Payment Date the amount in the Equipment Maintenance Account, after giving effect to the distributions and withdrawals required pursuant to this Section 12.05 on the immediately preceding Servicer Remittance Date and the deposits into such account on such Payment Date, is greater than the Specified Equipment Maintenance Account Balance, the amount of such excess shall be distributed by the Trustee to or upon the order of the Company.

Section 12.06 Purchase of Lease Receivables.

(a) If at any time the Company or the Trustee discovers or is notified by the Servicer (i) that any of the representations and warranties of Rail in the Contribution Agreement were incorrect at the time as of which such representations and warranties were made, or (ii) that any of the other circumstances set forth in the Contribution Agreement that require a purchase or that result in a purchase (a "Purchase") of a Lease Receivable contributed, transferred and assigned pursuant to such Contribution Agreement have occurred, then the party discovering such defect, omission, or circumstance shall promptly notify the other parties.

(b) In the event any circumstances or condition causing any representation or warranty described in clause (i) of Subsection (a) of this Section 12.06 to be incorrect materially and adversely affects the interests of the Holders of the Notes of the related Series, then the Servicer shall, pursuant to the Servicing Agreement, require Rail pursuant to the Contribution Agreement to eliminate or otherwise cure such circumstance or condition within 30 days. If Rail fails or is unable to cure such circumstance or condition in accordance with the Contribution Agreement, then the Servicer shall require Rail to Purchase pursuant to the Contribution Agreement any Lease Receivable as to which such representation or warranty is incorrect within the time specified in Section 8.07 of the Contribution Agreement. Upon such Purchase the Trustee shall release the defective Lease Receivable from the lien of this Indenture pursuant to Section 12.07. The proceeds of a Purchase shall be deposited in the Servicing Account until required pursuant to the related Servicing Agreement to be

deposited into the Collection Account by the Servicer on the next succeeding Servicer Remittance Date.

(c) It is understood that, without limiting the meaning of the term "materially and adversely affects," the interest of the Noteholders shall be deemed materially and adversely affected if (i) the original Note Value of any Lease Receivable was less than the Note Value attributed thereto when the initial Estimated Amortization Schedule was derived, (ii) the Trustee or any of such Noteholders are put under any obligation to pay any other Person any sum of money as a result of any such circumstance or condition, or (iii) the Trustee or the Holders of Notes representing not less than 50% of the then aggregate principal amount of the Outstanding Notes of the related Series, acting reasonably, determine, by notice to the Company, that such circumstance or condition materially and adversely affects the interests of the Noteholders in and to any Lease Receivable. The interest of Noteholders shall not, however, be deemed "materially and adversely affected" by the incorrectness of the facts or circumstances represented and warranted in the Contribution Agreement with respect to any Lease Receivable unless (A) either of the situations described in clauses (i) or (ii) of the preceding sentence shall exist, (B) the related Customer shall assert such circumstance or condition as a defense in any Proceeding to enforce the Lease Contract or (C) the proceeds realized with respect to such Lease Receivable would be less than the Note Value of such Lease Receivable by reason of the incorrectness of such representation or warranty.

(d) If Rail shall be obligated to Purchase any Lease Receivable as the result of the occurrence of other circumstances specified in the Contribution Agreement or Servicing Agreement it shall Purchase such Lease Receivable at a purchase price calculated in accordance with the Contribution Agreement or Servicing Agreement, as the case may be. The Servicer shall deposit such amount in the Servicing Account within the time period specified in the related Contribution Agreement or Servicing Agreement, as the case may be, and upon such deposit, the Company shall be deemed to have complied with all requirements imposed upon it by this Section 12.06 with respect to such Lease Receivable.

Section 12.07 Releases.

(a) The Company shall be entitled to obtain a release from the lien of this Indenture of any Lease Receivable and related Equipment on the Payment Date immediately following (x) payment of the final Scheduled Payment with respect to such Lease Receivable or deposit into the Servicing Account of any Purchase Option Proceeds, Insurance Proceeds or Liquidation Proceeds, in each case, if a deposit to the Collection Account of the Note Value (without giving effect to clauses (w), (x), (y) or (z) of the definition thereof) plus accrued interest thereon of such Lease Receivable has been made and if at such time the balance in the Spread Account is at least equal to the Specified Spread Account Balance or (y) a deposit into the Collection Account of the Note Value (without giving effect to clauses (w), (x), (y) or (z) of the definition thereof) of such Lease Receivable in accordance with the requirements of Section 12.06(b) or (d), if (i) the balance in the Spread Account is equal to the Specified Spread Account Balance, and (ii) the Company delivers to the Trustee an Officer's Certificate (A) identifying the Lease Receivable and the related Lease Contract and Equipment to be released, (B) requesting the release thereof, (C) setting forth the amount deposited in the Collection Account with respect thereto, and (D) certifying that the amount deposited in the Collection Account equals the Note Value of the Lease Receivable plus accrued interest. If at the time when the lien of this Indenture would otherwise be released with respect to any Lease Receivable, the balance in the Spread Account is not equal to the Specified Spread Account Balance, all Liquidation Proceeds relating to such Lease Receivable and/or Equipment shall be deposited into the Spread Account in accordance with Section 13.01(c) hereof and thereafter the Company shall be entitled to obtain a release from the lien of the Indenture of any Lease Receivable and/or Equipment, if the Company delivers to the Trustee an Officer's Certificate (I) identifying the Equipment to be released and (II) requesting the release thereof and the balance in the Spread Account on the most recent Payment Date was equal to the Specified Spread Account Balance.

(b) Upon satisfaction of the conditions specified in Subsection (a), the Trustee shall release from the lien of this Indenture and deliver to or upon the order of the Company (or to or upon the order of

Rail, if it has satisfied the Company's obligations under Section 12.06 with respect to a Lease Receivable or Equipment to be released) the Lease Receivable (if any) and Equipment described in the Company's request for release.

(c) If, as a result of any payment made or drawn under any Credit Facility, the Trustee shall be required pursuant to the terms of such Credit Facility to assign the Lease Receivables and any lien on the related Equipment with respect to which such payment or draw relates, the Trustee shall assign, and thereby release from the lien of this Indenture, the Lease Receivables and any lien on the related Equipment to which such draw relates.

Section 12.08 Reports by Trustee to Noteholders.

On each Payment Date for a Series the Trustee shall account to each Holder of Notes of such Series on which payments of principal and interest are then being made the amount which represents principal and the amount which represents interest, and shall contemporaneously advise the Company of all such payments. The Trustee may satisfy its obligations under this Section 12.08 by delivering the Monthly Servicer Report to each such Holder of the Notes. On or before the 15th day prior to a Final Payment Date (or such other date as may be set forth in the applicable Supplement), the Trustee shall provide notice to the Holders of Notes of a Series of the Final Payment Date for the Notes. Such notice shall include a statement that interest shall have ceased to accrue as of the last day of the month preceding the month in which the Final Payment Date occurs.

Section 12.09 Accounting by Trustee to Company.

Within 5 Business Days following each Payment Date for a Series, the Trustee shall render to the Company an accounting of:

(i) the aggregate amount of funds in the Collection Account for such Series immediately preceding such Payment Date representing collections on the Lease Receivables;

(ii) the amount of principal and the amount of interest paid to the Holders of the Notes of such Series on the immediately preceding Payment Date;

(iii) any funds remaining in the Collection Account for such Series after (A) payments of interest and principal as set forth pursuant to clause (ii) above and (B) payments of all other amounts paid from the Collection Account pursuant to Sections 13.01(c), (d), (e), (f), (g), and (h) including an accounting of such payments; and

(iv) any discrepancy between the aggregate amount of principal remaining to be paid with respect to the Notes after giving effect to the principal payment paid on the Notes on such Payment Date and the aggregate amount of principal remaining on the Notes as set forth on the Monthly Servicer Report.

Section 12.10 Trust Estate.

(a) The Trustee may, and when required by the provisions of Articles Six and Twelve of this Indenture shall, execute instruments to release property from the lien of this Indenture, or convey the Trustee's interest in the same, in a manner and under circumstances which are not inconsistent with the provisions of this Indenture. No party relying upon an instrument executed by the Trustee as provided in this Article Twelve shall be bound to ascertain the Trustee's authority, inquire into the satisfaction of any conditions precedent or see to the application of any monies.

(b) The Trustee shall, at such time as there are no Notes of a Series Outstanding, release the portion of the Trust Estate that secured such Series from the lien of this Indenture.

Section 12.11 Opinion of Counsel.

The Trustee shall be entitled to receive at least 10 days' notice of any action to be taken pursuant to Section 12.07(a), accompanied by copies of any instruments involved, and the Trustee shall also be entitled to receive an Opinion of Counsel, in form and substance

reasonably satisfactory to the Trustee, stating the legal effect of any such action and concluding that such action will not materially and adversely impair the security for the Notes or the rights of the Noteholders in contravention of the provisions of this Indenture.

Section 12.12 Administration of Equipment Maintenance Account by Servicer; No Liability of Trustee.

Pursuant to the Servicing Agreement the Servicer will establish and administer the Equipment Maintenance Account. In any administration of such Account the Servicer will act as an independent contractor and not as an agent of the Trustee. Pursuant to Section 2.04 of the Servicing Agreement, the Servicer will be deemed to be the agent and bailee of the Trustee solely for the purpose of the perfection of the Trustee's security interest in such Account.

The Trustee shall in no way be liable for any actions or omissions by the Servicer in connection with the Servicer's administration of the Equipment Maintenance Account. The Servicer hereby agrees to indemnify the Trustee, and to hold it harmless against, any loss, liability or expense incurred on its part, arising out of or in connection with the Servicer's administration of such Account.

ARTICLE THIRTEEN

APPLICATION OF MONIES

Section 13.01 Disbursements of Monies from Collection Account.

On each Payment Date for a Series, if either no Default or Event of Default shall have occurred and be continuing or a Default or Event of Default shall have occurred and be continuing but the entire unpaid principal amount of the Notes of such Series shall not have become due and payable pursuant to Section 6.02, then on such Payment Date, after depositing any amounts required to be so deposited pursuant to Section 12.05 (a) hereof into the Equipment Maintenance Account, the Paying Agent, upon instruction from the Trustee and on behalf of the Company, shall withdraw from the Collection Account for such Series, including the Reinvestment Income therein,

and shall make the following disbursements in the following order:

(a) an amount equal to the interest due on the Outstanding Notes of that Series on that Payment Date, to be applied to the payment of such interest as provided by Section 3.08 and the Supplement for that Series;

(b) an amount equal to the Principal Distribution Amount, to be applied to the payment of Note principal as provided in Section 3.08 and in the Supplement for that Series;

(c) an amount equal to any Liquidation Proceeds or Insurance Proceeds relating to any Lease Receivable and/or related Equipment in excess of the portion thereof included in the Aggregate Distribution Amount and applied on such Payment Date pursuant to subparagraphs (a) and (b) above, and any Purchase Option Proceeds from Customer exercise of a purchase option pursuant to a Lease Contract shall be deposited to the extent necessary, after taking into account any withdrawals from the Spread Account made on the immediately preceding Servicer Remittance Date to bring the balance in the Spread Account up to such Specified Spread Account Balance;

(d) the amount, if any, payable to the Trustee under Section 7.07(i);

(e) any amount, if any, to which the Servicer is entitled pursuant to Section 2.05 of the Servicing Agreement, to be remitted to the Servicer, upon receipt of the Servicer's written request, pursuant to such Agreement;

(f) any amounts required to be paid in connection with Scheduled Expenses, if any, with respect to a Series, other than the Servicing Fees and Maintenance Fees then due;

(g) (i) any excess funds remaining after payment of the amounts required under Section 13.01(a), (b), (c), (d), (e) and (f) shall be remitted and deposited into the Spread Account until the Spread Account has reached and is in the amount of the Specified Spread Account Balance; and then (ii) the re-

mainder of any such excess funds shall be remitted and deposited into the Substitute Servicer Account until the Substitute Servicer Account has reached and is in the amount of the Specified Substitute Servicer Account Balance; and

(h) to or at the direction of (pursuant to the Supplement or otherwise) the Company (including for the payment of amounts set forth in Sections 7.07(ii) and (iii) hereof.

The foregoing provisions of paragraphs (c), (d), (e), (f), (g) and (h) notwithstanding, any monies deposited in the Collection Account for purposes of redeeming Notes pursuant to Article Eleven shall, subject to Section 11.03, remain in the Collection Account until used to redeem such Notes.

In making the withdrawals and payments required by Sections 13.01(a), (b), (c), (e), (f) and (g) and in making the reports and accounting referred to in Section 12.09, the Trustee shall act in accordance with the accounting furnished it by the Servicer of the Lease Receivables for the payment of Lease Receivables received in that month and shall be fully protected in relying thereon, unless a Responsible Officer has actual knowledge to the contrary.

The Trustee shall not be required to pay interest on any amounts held by it in such capacity under Section 13.01(a), (b), (c), (d), (e), (f), (g) or (h) above; provided, however, that nothing in this Section shall affect the obligation of the Trustee pursuant to the second paragraph of Section 13.02.

Section 13.02 Eligible Investments.

So long as no Event of Default shall have occurred and be continuing, upon Company Order, the Trustee shall invest the funds in the Collection Account for the related Series in Eligible Investments. The Company Order shall specify the Eligible Investments in which the Trustee shall invest, shall state that the same are Eligible Investments and shall further specify the percentage of funds to be invested in each Eligible Investment. No Eligible Investment shall mature later than the Business Day preceding the applicable Payment Date.

Any income or other gain from such Eligible Investments shall be credited to the Collection Account for the related Series and any loss resulting from such investments shall be charged to the Company. The Trustee shall not be liable for any loss incurred on any funds invested in Eligible Investments pursuant to the provisions of this Section 13.02.

In connection with any calculation of the Specified Equipment Maintenance Account Balance, the Specified Spread Account Balance or the Specified Substitute Servicer Account Balance, Eligible Investments held for the benefit of the related account shall be valued at their par amount.

ARTICLE FOURTEEN

NOTEHOLDERS' MEETINGS

Section 14.01 Purposes for Which Meetings May be Called.

A meeting of Noteholders or the Holders of Notes of any Series may be called at any time and from time to time pursuant to the provisions of this Article Fourteen, and may be held by telephone, for any of the following purposes:

(1) to give any notice to the Company or to the Trustee, or to give any directions to the Trustee, or to consent to the waiving of any Default hereunder and its consequences, or to take any other action authorized to be taken by Noteholders pursuant to any of the provisions of Article Six;

(2) to remove the Trustee and appoint a successor trustee pursuant to the provisions of Article Seven;

(3) to consent to the execution of an indenture or indentures supplemental hereto pursuant to the provisions of Article Nine; or

(4) to take any other action authorized to be taken by or on behalf of the Holders of any specified aggregate principal amount of the Notes or of

any Series under any other provision of this Indenture or under applicable law.

Section 14.02 Manner of Calling Meetings.

The Trustee may at any time call a meeting of Noteholders to take any action specified in Section 14.01, to be held at such time and at such place in the United States of America as the Trustee shall determine. Notice of every meeting of the Noteholders or of the Holders of any Series, setting forth the time and the place of such meeting and in general terms the action proposed to be taken at such meeting, shall be mailed not less than 20 nor more than 60 days prior to the date fixed for the meeting of such Noteholders (i) to the Company and (ii) to the Noteholders as provided in Section 1.04. The Trustee may fix, in advance, a date as the record date for determining the Noteholders entitled to notice of or to vote at any such meeting not less than 35 nor more than 75 days prior to the date fixed for such meeting.

Section 14.03 Call of Meeting by Company or Noteholders.

In case at any time the Company, pursuant to a resolution of its Board of Directors, or the Holders of at least ten percent in aggregate principal amount of the Notes then outstanding, shall have requested the Trustee to call a meeting of Noteholders to take any action authorized in Section 14.01 by request setting forth in reasonable detail the action proposed to be taken at the meeting, and the Trustee shall not have mailed notice of such meeting within 20 days after receipt of such request, then the Company or the Holders of Notes in the amount above specified may determine the time and the place for such meeting, the record date for determining the Noteholders entitled to notice of or to vote at such meeting, and may call such meeting to take any action authorized in Section 14.01, by mailing notice thereof as provided in Section 14.02.

Section 14.04 Who May Attend and Vote at Meetings.

To be entitled to vote at any meeting of Noteholders a Person shall (a) be a Holder, as of the applicable Record Date, of one or more Notes of the Series with respect to which such meeting was called or (b) be a Person appointed by an instrument in writing as proxy (satisfactory in form and substance to the Trustee) by a Holder, as of the applicable Record Date, of one or more such Notes. The only Persons who shall be entitled to be present or to speak at any meeting of Noteholders shall be the Persons entitled to vote at such meeting and their counsel, any representatives of the Trustee and its counsel, any representatives of the Company and its counsel and any representatives of the Servicer and its counsel.

Section 14.05 Regulations May be Made by Trustee.

Notwithstanding any other provisions of this Indenture, the Trustee may make such reasonable regulations as it may deem advisable for any meeting of Noteholders, in regard to proof of the holding of Notes and of the appointment of proxies, and in regard to the appointment and duties of inspectors of votes, the submission and examination of proxies, certificates and other evidence of the right to vote, and such other matters concerning the conduct of the meeting as it shall think fit. Except as otherwise permitted or required by any such regulations, the holding of Notes shall be proved in the manner specified in Section 1.02(c) and the appointment of any proxy shall be proved in the manner specified in said Section 1.02(a); provided, however, that such regulations may provide that written instruments appointing proxies regular on their face may be presumed valid and genuine without the proof hereinabove or in said Section 1.02 specified.

The Trustee shall, by an instrument in writing, appoint a temporary chairman of the meeting, unless the meeting shall have been called by the Company or by Noteholders as provided in Section 14.03, in which case the Company or the Noteholders calling the meeting, as the case may be, shall in like manner appoint a temporary chairman. A permanent chairman and a permanent secretary of the meeting shall be elected by vote of the Holders of

a majority in principal amount of the Notes represented at the meeting.

At any meeting each Holder or proxy shall be entitled to one vote for each 1,000 dollars principal amount of Outstanding Notes held or represented by him; provided, however, that no vote shall be cast or counted at any meeting in respect of any Note challenged as not Outstanding and ruled by the chairman of the meeting to be not Outstanding. The chairman of the meeting shall have no right to vote other than by virtue of Notes held by him or instruments in writing as aforesaid duly designating him as the Person to vote on behalf of other Noteholders. Any meeting of Noteholders duly called pursuant to the provisions of Section 14.02 or 14.03 may be adjourned from time to time; and the meeting may be held as so adjourned without further notice.

At any meeting of Noteholders, the presence of Persons holding or representing Holders of Notes representing an aggregate principal amount of the Outstanding Notes sufficient to take action on the business for the transaction of which such meeting was called shall constitute a quorum, but, if less than a quorum is present, the Persons holding or representing a majority in aggregate principal amount of the Notes represented at the meeting may adjourn such meeting with the same effect, for all intents and purposes, as though a quorum had been present, and the meeting may be held as so adjourned without further notice.

Section 14.06 Manner of Voting at Meetings and Record to be Kept.

The vote upon any manner submitted to any meeting of Noteholders shall be by written ballots on which shall be subscribed the signatures of the holders of Notes or of their representatives by proxy and the serial number or numbers of the Notes held or represented by them. The permanent chairman of the meeting shall appoint two inspectors of votes who shall count all votes cast at the meeting for or against any resolution and who shall make and file with the secretary of the meeting their verified written reports in duplicate of all votes cast at the meeting. A record in duplicate of the proceedings of each meeting of Noteholders shall be prepared by the secretary of the meeting and shall be attached to said record the original reports of the inspectors of

votes on any vote by ballot taken thereat and affidavits by one or more Persons having knowledge of the facts setting forth a copy of the notice of the meeting and showing that said notice was mailed as provided in Section 14.02. The record shall show the serial numbers of the Notes voting in favor of and against any resolution. The record shall be signed and verified by the affidavits of the permanent chairman and secretary of the meeting and one of the duplicates shall be delivered to the Company and the other to the Trustee to be preserved by the Trustee.

Any record so signed and verified shall be conclusive evidence of the matters therein stated.

Section 14.07 Exercise of Rights of Trustee and Noteholders Not to be Hindered or Delayed.

Nothing in this Article Fourteen contained shall be deemed or construed to authorize or permit, by reason of any call for a meeting of Noteholders or any rights expressly or impliedly conferred hereunder to make such call, any hindrance or delay in the exercise of any

right or rights conferred upon or reserved to the Trustee or to the Noteholders under any of the provisions of this Indenture or of the Notes.

IN WITNESS WHEREOF, the Company, the Servicer and the Trustee have caused this Indenture to be duly executed by their respective officers thereunto duly authorized and their respective seals, duly attested, to be hereunto affixed, all as of the day and year first above written.

TEXAS COMMERCE BANK NATIONAL ASSOCIATION, Trustee

By: R L Melton
Name: Richard L. Melton
Title: Executive Vice President and Trust Officer

ITEL RAIL FUNDING CORPORATION, Company

By: M. H. Latif
Name: Mannan H. Latif
Title: Vice President and Assistant Secretary

ITEL RAIL CORPORATION, Servicer

By: Robert Kiehnle
Name: Robert C. Kiehnle
Title: Vice President and Treasurer

STATE OF NEW YORK)
:ss.:
COUNTY OF NEW YORK)

On the 29th day of March 1990, before me came Mannan H. Latif to me known, who being by me duly sworn, did depose and say that he is Mannan H. Latif of ITEL RAIL FUNDING CORPORATION, a Delaware corporation, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

P. Scott Burns
Notary Public

D. SCOTT BURNS
Notary Public, State of New York
No. 31-4955115
Qualified in New York County
Commission Expires Aug. 28, 1991

STATE OF NEW YORK)
:ss.:
COUNTY OF NEW YORK)

On the 29th day of March 1990, before me personally came Richard L. Melton, to me known, who being by me duly sworn, did depose and say that he is Richard L. Melton of TEXAS COMMERCE BANK NATIONAL ASSOCIATION, a national banking association, the association described in and which executed the above instrument; that he knows the corporate seal of said association; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said association, and that he signed his name thereto by like authority.

P. Scott Burns
Notary Public

D. SCOTT BURNS
Notary Public, State of New York
No. 31-4955115
Qualified in New York County
Commission Expires Aug. 28, 1991

STATE OF NEW YORK)
:ss.:
COUNTY OF NEW YORK)

On the 29th day of March 1990, before me personally came Robert C. Kiehnle, to me known, who being by me duly sworn, did depose and say that he is Robert C. Kiehnle of ITEL RAIL CORPORATION, a Delaware corporation, one of the corporations described in and which executed the above instrument; that he knows the corporate seal of said corporation; that the seal affixed to the said instrument is such corporate seal; that it was so affixed by authority of the Board of Directors of said corporation, and that he signed his name thereto by like authority.

P. Scott Burns
Notary Public

D. SCOTT BURNS
Notary Public, State of New York
No. 31-4955115
Qualified in New York County
Commission Expires Aug 28, 1991

EXHIBIT A

INVESTMENT LETTER

ITEL RAIL FUNDING CORPORATION
10.30% LEASE-BACKED NOTES, SERIES A
DUE JANUARY 15, 2002

Itel Rail Funding Corporation
55 Francisco Street
San Francisco, California

Texas Commerce Bank National Association
600 Travis, 8th Floor
Houston, Texas 77002

The undersigned purchaser (the "Purchaser") hereby makes the following representations and warranties in connection with the acquisition by the Purchaser of one or more Notes issued pursuant to the Indenture dated as of March 1, 1990 (the "Indenture") among Itel Rail Funding Corporation (the "Company"), Itel Rail Corporation ("Rail") and Texas Commerce Bank National Association as Trustee, as supplemented by the First Supplemental Indenture dated as of March 1, 1990 among such parties:

1. The Purchaser is an "accredited investor" within the meaning of the Securities Act of 1933, as amended (the "1933 Act"), and has such knowledge and experience in financial and business matters that it is capable of evaluating the merits and risks of its investment in the Notes and it is capable of bearing the economic risks of such investment.

2. The Purchaser is acquiring the Notes for its own account and the account of its affiliated entities for the purpose of investment and not with a view to the resale or distribution thereof.

3. The Purchaser understands that it is the expressed intent of Itel Rail and the Company that the Notes be issued only in transactions not involving any public offering within the meaning of the 1933 Act and in

reliance on Section 3(c)(1) of the Investment Company Act of 1940, as amended (the "1940 Act"), that the Notes bear a legend substantially as set forth in the form of Note included in the Indenture, and that they are subject to certain limitations on transfer and exchange specified in the Indenture.

4. The Purchaser has no present intention of selling, negotiating or otherwise disposing of the Notes, provided, however, that the disposition of its property shall at all times be and remain within its control and without prejudice, however, to its right at all times to sell or otherwise dispose of all or any part of the Notes in accordance with the Indenture under a registration statement under the 1933 Act, or under an exemption from such registration available under the 1933 Act.

5. The Purchaser is a single beneficial owner of the Notes to be purchased by it for purposes of Section 3(c)(1) of the 1940 Act. It is understood that in making the foregoing representation, the Purchaser is assuming that the Notes to be purchased by it are not "voting securities," as such term is defined in the 1940 Act. In addition, the Purchaser represents that it intends to comply in good faith with the provisions of the Indenture relating to the 1940 Act applicable to transfers of the Notes.

6. Each Note being purchased by the Purchaser is in a denomination authorized by Section 6 of the First Supplemental Indenture.

7. The Purchaser agrees to be bound by §14(j) of the Note Purchase Agreement executed in connection with the initial issuance of the Note.

8. The Purchaser will obtain from any subsequent purchaser the same representations, warranties and agreements contained in the foregoing paragraphs one through six.

The representations and warranties contained herein shall be binding upon the heirs, executors, administrators and other successors of the undersigned.

Executed at _____, _____, this ___ day of _____, 199_.

_____ _____

Purchaser's Name (Print) Signature of Purchaser

_____

Address of Purchaser