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INTERSTATE COMMERCE COMMISSION

Lease Agreement

dated November 26, 1968

BETWEEN

GECC LEASING CORP.,
as Lessor

AND

GRAND TRUNK WESTERN RAILROAD COMPANY,
as Lessee

CERTAIN RENTAL AND OTHER RIGHTS UNDER THIS LEASE ARE ASSIGNED TO MORGAN GUARANTY TRUST COMPANY OF NEW YORK, AS AGENT FOR THE HOLDERS OF CERTAIN CERTIFICATES OF INTEREST, BY A TRUST AGREEMENT DATED AS OF THE DATE HEREOF.

LEASE AGREEMENT

LEASE AGREEMENT dated November 26, 1968, by and between GECC LEASING CORPORATION, a Delaware corporation ("Leasing") as lessor (the "Lessor") and GRAND TRUNK WESTERN RAILROAD COMPANY, a corporation duly organized and existing under the laws of the States of Indiana and Michigan, as lessee (the "Lessee"),

WITNESSETH:

SECTION 1. DEFINITIONS. The following terms shall have the following meanings for all purposes of this Lease Agreement:

"Acquisition Agreement" shall mean the Acquisition Agreement, dated November 26, 1968, between Manufacturer and Lessor, an unexecuted copy of which has been furnished to Lessee, insofar as it relates to the manufacture and sale of the Railroad Equipment, as such Agreement may heretofore or hereafter be amended, modified or supplemented from time to time, to the extent such modifications, amendments or supplements are binding upon Lessor.

"Agent" shall mean Morgan Guaranty Trust Company of New York, acting under the Finance Agreement.

"Assignment" shall mean the Agreement and Assignment dated as of November 26, 1968 in the form of the copy heretofore delivered to the Lessee and the Lessor whereby the Agent agrees to acquire the right, title and interest of each Manufacturer under the Conditional Sale Agreement and to acquire the Railroad Equipment for a consideration equal to the Conditional Sale Indebtedness, all upon and subject to the terms and conditions set forth in the Finance Agreement.

"Average Date of Delivery" shall mean that date determined as follows:

(a) multiply the number of Cars delivered by Lessor on each day by the number of days elapsed between such day and the date of delivery of the first Car hereunder, then add all of the products so obtained and divide by the total number of Cars so delivered; the quotient rounded out to the nearest whole number shall be added to the date of delivery of the first

Car, and the resulting date shall constitute the Average Date of Delivery;

(b) the date on which delivery of a Car shall be deemed to have been made will be the day following the Delivery Date of the Car;

(c) As used in this definition a "Car" shall be one car as described in Exhibit B to this Lease.

"Basic Rent" shall mean the aggregate rent payable throughout the term of this Lease Agreement for the Railroad Equipment.

"Certificates" shall mean Certificates of Interest issued pursuant to the Finance Agreement.

"Certificate of Inspection and Acceptance" shall mean each Certificate of Inspection and Acceptance, substantially in the form of Exhibit A hereto, executed by an authorized agent of the Lessee for the purpose of accepting an item of Railroad Equipment under, and subjecting such item to the terms of, this Lease Agreement. Each reference herein to "this Lease Agreement", "this Lease", "this Agreement", "herein", "hereunder", or other like words shall include this Lease Agreement and each Certificate of Inspection and Acceptance. Each Certificate of Inspection and Acceptance must be dated as of a date not later than March 31, 1969.

"Conditional Sale Agreement" shall mean the Conditional Sale Agreement dated the date hereof between the Manufacturer and Lessor.

"Conditional Sale Indebtedness" shall have the same meaning as defined in the Conditional Sale Agreement for all purposes of this Lease.

"Delivery Date" for any item of Railroad Equipment shall mean the Delivery Date appearing in the Certificate of Inspection and Acceptance covering such item of Railroad Equipment, which date shall be the date such item of Railroad Equipment is delivered and accepted under the Acquisition Agreement by Lessor and inspected and accepted under the Lease Agreement by Lessee.

"Event of Default" shall mean any of the events referred to in Section 15 hereof.

"Event of Loss" with respect to the Railroad Equipment or any item thereof shall mean any of the following events with respect

to such property: (i) loss of such property due to theft, destruction, damage beyond economic repair as determined by the chief mechanical officer of Lessee, or rendition of the property permanently unfit for use for any reason whatsoever; or (ii) the condemnation, confiscation, or seizure of, or requisition of title to or use of, such property, other than a requisition by the United States of America or any agency thereof which does not vest the entire ownership of such property in the United States of America or any agency thereof.

"*Finance Agreement*" shall mean that certain Finance Agreement among Lessor, the Investors, the Agent and General Electric Credit Corporation, a New York corporation ("GECC") dated as of November 26, 1968.

"*Guarantor*" shall mean Canadian National Railway Company, a corporation duly organized and existing under the laws of Canada.

"*Guaranty*" shall mean the guaranty issued by Guarantor dated November 26, 1968.

"*I.C.C.*" shall mean the Interstate Commerce Commission.

"*Lease*" shall mean this Agreement, as implemented by the Certificates of Inspection and Acceptance executed in connection with it.

"*Manufacturer*" shall mean Pullman, Incorporated, a Delaware corporation and Thrall Car Manufacturing Company, an Illinois corporation.

"*Railroad Equipment*" shall mean those items of railroad equipment described in Exhibit B hereto.

"*Rent*" shall mean Basic Rent or Supplemental Rent, or both, as the context requires.

"*Stipulated Loss Value*" for any item of Railroad Equipment as of any particular date of computation during the term of this Lease for such item of Railroad Equipment shall mean the amount determined pursuant to the applicable portion of Exhibit C hereto.

"*Supplemental Rent*" shall mean any and all amounts, liabilities and obligations which Lessee assumes or agrees to pay

hereunder to Lessor or others, including payments of Stipulated Loss Value, but excluding Basic Rent.

"*Trust Agreement*" shall mean a Trust Agreement dated as of November 26, 1968, in the form of a copy heretofore delivered to the Lessee, between Lessor and Bankers Trust Company, not individually but solely as trustee, such trustee and any successor trustee being the "Trustee", whereby the Trustee agrees to hold the Trust Estate defined in Section 1.01(k) thereof for the benefit of Lessor as therein specified.

SECTION 2. ACCEPTANCE UNDER ACQUISITION AGREEMENT AND LEASE. Lessor hereby agrees to accept delivery from Manufacturer under the Acquisition Agreement and to lease simultaneously to Lessee hereunder, and Lessee hereby agrees to lease simultaneously from Lessor hereunder, the Railroad Equipment which shall be delivered by Manufacturer under the Acquisition Agreement, provided that Lessor's obligation to accept delivery from Manufacturer and lease the Railroad Equipment hereunder, and Lessee's obligation to take the same under lease from Lessor, shall be subject to the following conditions:

(a) Lessor and Lessee shall have received an opinion of counsel for Manufacturer satisfactory to Lessor and its counsel to the effect that the Acquisition Agreement has been duly authorized by all necessary corporate action on the part of Manufacturer and said Agreement constitutes and is a legal, valid and binding obligation or act of Manufacturer enforceable in accordance with its terms, and that, upon delivery of each item of Railroad Equipment to Lessor pursuant to the Acquisition Agreement, Manufacturer will convey good and marketable title to such Railroad Equipment, free and clear of all liens, encumbrances and rights of others except the rights of Lessor and Lessee hereunder, the rights of GECC, of the holders of the Certificates from time to time outstanding, the rights of the Trustee under the Trust Agreement and the rights of the Agent and as to such other matters as Lessor may reasonably request.

(b) On the Delivery Date for each item of Railroad Equipment, Lessee shall send to Lessor at the address of Lessor from time to time provided for notices under Section 20, (i) a Certificate of Inspection and Acceptance, duly authorized and executed by Lessee, covering the items of Railroad Equipment inspected and accepted on such Delivery Date and (ii) such other documents from Lessee as Lessor may reasonably request.

(c) On the Delivery Date for each item of Railroad Equipment, Lessor shall receive from Manufacturer good and marketable title to each item of Railroad Equipment, free and clear of liens, encumbrances and rights of others except the rights of Lessor and Lessee hereunder, the rights of GECC, of the holders of the Certificates from time to time outstanding, the rights of the Trustee under the Trust Agreement and of the rights of the Agent, and Lessor shall have received evidence satisfactory to it with respect to the matters covered by this subparagraph (c).

(d) On the Delivery Date for each item of Railroad Equipment, the following statements shall be true, and Lessor shall have received a certificate signed by an appropriate officer of Lessee stating that (i) the representations and warranties contained in Section 5(b) hereof are true and accurate on and as of such date as though made on and as of such time (except to the extent that such representations and warranties relate solely to an earlier date), and (ii) no event has occurred and is continuing, or would result from the lease of any item of Railroad Equipment, which constitutes an Event of Default or would constitute an Event of Default but for the requirement that notice be given or time elapse or both. Such certificate shall state that, in the absence of any notice to Lessor to the contrary, all of the representations and warranties contained therein shall be deemed to be continuing and to be true and accurate on each future Delivery Date as though made on and as of such future Delivery Date (except to the extent that such representations and warranties relate solely to an earlier date), and the obligations of Lessor with respect to the items of Railroad Equipment to be delivered on any future Delivery Date shall be conditioned on the absence of any such notice to Lessor on or prior to such future Delivery Date.

(e) On the Delivery Date for the first item of Railroad Equipment, Lessor shall have received from James Brescoll, Esq., counsel to Lessee or any successor thereto an opinion satisfactory to Lessor with respect to the legal matters set forth in paragraphs (i), (ii), (iii) and (iv) of Section 5(b). Such opinion shall state that except for the recording of this Lease Agreement pursuant to Section 20(c) of the Interstate Commerce Act, no recording or filing of this Lease or of any financing statement or other document with respect hereto is presently necessary within the United States of America in order to fully protect Lessor's right, title and interest to the Railroad Equipment

in the United States of America. Such opinion shall state that in the absence of any notice to Lessor to the contrary, such opinion shall be deemed to be delivered to Lessor on each future Delivery Date as though dated as of such future Delivery Date.

(f) On the Delivery Date for the first item of Railroad Equipment, Lessee shall have received, in each case satisfactory to Lessee and its counsel, (i) an opinion of counsel to Lessor or any successor thereto with respect to the legal matters set forth in paragraphs (i), (ii) and (iii)(A) of Section 5(a), and stating further that such counsel have reviewed the Acquisition Agreement and such other agreements and records and made such investigation of the facts and circumstances as are pertinent, and that, assuming the accuracy of all relevant representations by Lessee and in reliance upon the opinion of counsel for Manufacturer delivered to Lessor and Lessee pursuant to Section 2(a) hereof, such counsel are of the opinion that Lessor is the owner of such item of Railroad Equipment free and clear of all liens, encumbrances and rights of others except the rights of Lessor and Lessee hereunder, the rights of GECC, of the holders of the Certificates from time to time outstanding, the Trustee under the Trust Agreement and the rights of the Agent, (ii) an opinion of Richard Schwartz, Esq., counsel to Leasing to the effect of Section 5(c)(i) hereof and to the further effect that Leasing is entitled to account and depreciate for Federal income tax purposes in all respects as the owner and lessor thereof and to the effect that the investment tax credit and accelerated depreciation will be available to Leasing with respect to the purchase by the Lessor of Railroad Equipment from the Manufacturer notwithstanding the lease of the Railroad Equipment pursuant to this Lease Agreement, (iii) a certificate signed by an appropriate officer of Lessor, dated such Delivery Date, stating that the representations and warranties contained in Section 5(a)(i), (ii), (iii) and (iv) hereof are true and accurate on and as of such date as though made on and as of such time and (iv) a certificate signed by an appropriate officer of Leasing, dated such Delivery Date, stating that the representations and warranties contained in Section 5(c)(i) and (ii) hereof are true and accurate on and as of such date as though made on and as of such time. The opinions referred to in (i) and (ii) hereof shall state that, in the absence of any notice to Lessee to the contrary, such opinions shall be deemed to be delivered to Lessee on each future Delivery Date as though dated as of such future Delivery Date, and the certificates referred to in (iii) and (iv) hereof shall

state that, in the absence of any notice to Lessee to the contrary, all of the representations and warranties contained therein shall be deemed to be continuing and to be true and accurate on such future Delivery Date as though made on and as of such future Delivery Date. The obligations of Lessor and Lessee with respect to the items of Railroad Equipment to be delivered on any future Delivery Date shall be conditioned on the absence of any such notice to Lessee on or prior to such future Delivery Date.

(g) Guarantor shall have agreed, in form satisfactory to counsel to Lessor and the Agent, to guarantee the obligations of Lessee hereunder.

One or more employees of Lessee, designated by Lessee, shall be authorized to give the technical approval for items of Railroad Equipment and to accept delivery of such items of Railroad Equipment. Lessee hereby agrees that in the event delivery of items of Railroad Equipment shall be accepted by such employee or employees of Lessee as evidenced by execution of a Certificate of Inspection and Acceptance covering such items, such acceptance of delivery by such employee or employees on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of such items of Rairoad Equipment for all purposes of this Lease Agreement.

SECTION 3. TERM AND RENT. (a) *Term of Lease.* The term of this Lease for each item of Railroad Equipment shall begin on the Delivery Date thereof and shall continue until the fifteenth anniversary of the Average Date of Delivery, with an option by Lessee to extend this Lease for an additional period of time, but not in excess of five years, as provided in Section 4.

(b) *Basic Rent.* Lessee hereby agrees to pay Lessor Basic Rent with respect to each item of Railroad Equipment equal in amount to $7.84297 for each $1,000 of the purchase price of such item per month for 180 months. Basic Rent for each item of Railroad Equipment shall be payable on the last day of each month beginning with the month following the month in which the Delivery Date for such item of Railroad Equipment occurred. In consideration of this Lease providing for payment of Basic Rent in arrears and of the anticipated

lapse of time between commencement of such payment and the Average Date of Delivery, the expiration of the Term of this Lease with respect to each item of Railroad Equipment (in the absence of an Event of Loss with respect thereto or the exercising by Lessor of its rights pursuant to Section 16 with respect thereto) and whether or not Lessee exercises its rights pursuant to Section 4 shall not impair Lessor's right to receive Basic Rent for 180 months with respect to each item of Railroad Equipment and on the last day of each month after the fifteenth anniversary of the Average Date of Delivery Lessee shall continue to pay Basic Rent until Lessor has received 180 payments of the Basic Rent provided for hereinabove by this subsection (b) for each item of Railroad Equipment.

(c) *Supplemental Rent.* Lessee agrees to pay to Lessor any and all amounts of Supplemental Rent due pursuant to the terms of this Lease forthwith upon the same becoming due and owing, and if Lessee fails to pay any Supplemental Rent, Lessor shall have all the rights, powers and remedies provided for herein or by law or equity or otherwise as in the case of nonpayment of Basic Rent. Lessee will also pay to Lessor, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at the rate of 7¼% per annum on any part of any installment of Basic Rent not paid when due (commencing on the day following the due date, payable on demand) for any period for which the same shall be overdue and on any other payments of Supplemental Rent not paid when demanded by Lessor for the period from the fifth day following such demand until the same shall be paid.

(d) *Payments.* All payments to Lessor under this Lease Agreement shall be paid by bank wire transfer to the account of the Lessor at Bankers Trust Company, 16 Wall St., New York, N. Y. 10005 or such other bank or trust company as Lessor shall designate (by notice in writing delivered to Lessee five or more business days prior to the date when any such amount is to be paid) in funds good at a Federal Reserve Bank on the date on which such payments are due or by check drawn on the National Bank of Detroit presented for deposit one full business day prior to the due date.

SECTION 4. OPTION TO RENEW. (a) Within not less than 60 nor more than 150 days prior to expiration of the initial term of this Lease, Lessee may give notice to Lessor of its intention to extend this Lease with respect to any item of Railroad Equipment for an additional period of time up to but not in excess of five years from the date of the expiration of the initial term of this Lease; *provided, however,* that no notice of extension may be given pursuant to this Section 4 if an Event of Default has taken place and is continuing.

(b) Following such notice, and if no Event of Default has taken place and is continuing on the date of the expiration of the initial term of this Lease, the Lease shall be extended with respect to the item or items of Railroad Equipment set forth in such notice for the period or periods of time provided therein, and all the provisions of this Lease shall continue in full force and effect, except that the Basic Rent for such item or items shall be as set forth in subsection (c) hereof.

(c) The Basic Rent for each item of Railroad Equipment, for which the term of this Lease has been extended pursuant to this Section 4, shall be determined as follows:

> Each monthly payment during such extended term shall be an amount equal to the cumulative Basic Rent with respect to such item of Railroad Equipment for such extended term divided by the number of payments of Basic Rent during such extended term. The cumulative Basic Rent for such extended term with respect to any item of Railroad Equipment, for which the term of this Lease has been extended pursuant to this Section 4, shall be an amount equal to one-half the fair market value of such item as of a date 30 days prior to the first day of such extended term, plus a leasing charge of 4.875% per annum on the unamortized fair market value of such item of Railroad Equipment. In the event Lessor and Lessee are unable to agree as to such fair market value, such value shall be determined by two recognized independent appraisers to be appointed for the purpose, one by Lessor and the other by Lessee, the parties hereto hereby agreeing to appoint their respective appraisers within five days after the request by either party for such appointment. In the event said appraisers cannot agree upon such fair market value within ten days after their

appointment, they shall within five days select a third appraiser and the decision of any two of said three appraisers shall be arrived at within ten days after selection of the third appraiser and shall be binding and conclusive on both Lessor and Lessee.

Lessor shall notify Lessee of the amounts due not less than five days prior to the first day of the extended term of this Lease. The first rental payment shall be due on the earliest last day of a month which is more than two months subsequent to the first day of such extended term and the remaining payments shall be payable on the last day of each month thereafter falling during such extended term.

SECTION 5. REPRESENTATIONS AND WARRANTIES. (a) *Lessor's Representations and Warranties.* Lessor represents and warrants as follows:

(i) This Lease has been duly authorized by all necessary corporate action on the part of Lessor, does not require any stockholder approval, and does not contravene any law binding on Lessor or Lessor's articles of incorporation or by-laws or any indenture, credit agreement or other contractual agreement to which Lessor is a party; except that no warranty is made with respect to the matters referred to in subparagraph 5(b)(ii) and this lease constitutes a legal, valid and binding obligation of Lessor in accordance with its terms;

(ii) Lessor is a corporation duly organized, existing and in good standing under the laws of its state of incorporation;

(iii) LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION, EXPRESS OR IMPLIED, AS TO THE TITLE, INFRINGEMENT, CONDITION, DESIGN, OPERATION OR FITNESS FOR USE OF ANY ITEM OF RAILROAD EQUIPMENT, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO SUCH ITEM OF RAILROAD EQUIPMENT, EXCEPT THAT LESSOR WARRANTS AND REPRESENTS THAT

(A) on the Delivery Date for each item of Railroad Equipment, Lessor shall have such title to such item of Railroad Equipment as it derived from Manufacturer unimpaired by any act or omission of Lessor which will in any manner prevent the performance of this Lease in accordance with its terms, and in addition such item of Railroad Equipment shall be free and clear of all claims, liens and encumbrances

which may result from claims against Lessor not arising out of the ownership thereof which will prevent the performance of this Lease in accordance with its terms;

(B) so long as Lessee shall not be in default under this Lease, Lessor shall not do (or suffer to be done by any person claiming through or against Lessor and not against Lessee or any sublessee) any act which interferes with any and all rights of Lessee to peaceably and quietly hold, possess and use the Railroad Equipment in accordance with the terms of this Lease; and

(C) Lessor covenants that any sale, assignment, transfer, mortgage or other disposition which it may make of this Lease or of any item of Railroad Equipment covered by this Lease, whether prior or subsequent to delivery to Lessee, shall be expressly subject to the terms and provisions of this Lease; *provided, however,* that this Lease shall be subordinated to the rights of GECC, of the holders of the Certificates from time to time outstanding and of the rights of the Agent under the Finance Agreement, but neither GECC, the holders of the Certificates or the Agent under the Finance Agreement shall have the right to terminate or impair Lessee's possession or use of the property subject to this Lease so long as Lessee is not in default pursuant to Section 15 and the Agent has received the Rent,

and subject to the foregoing covenants that Lessor has not done and will not do (or suffer to be done by any person claiming through or against Lessor and not against Lessee or any sublessee) any act which interferes with or impairs

(x) Lessee's possession and use in accordance with the terms of this Lease of the Railroad Equipment; or

(y) the title to the Railroad Equipment which may be transferred or conveyed to Lessee under the provisions of this Lease and that any title so conveyed shall then be free of the lien of the holders of the Certificates.

(iv) Lessor agrees to assign or otherwise make available to Lessee such rights as Lessor may have under any warranty, covenant or representation with respect to the Railroad Equipment made by Manufacturer or any subcontractors of the Manufacturer. Lessee agrees to preserve and protect Lessor's rights under any

warranty, covenant or representation made by Manufacturer or such subcontractor to either of them with respect to the Railroad Equipment, and Lessee warrants that Lessee will take no action which will impair such rights of Lessor, and covenants to act solely in compliance with any restrictions or requirements prerequisite to the continued existence, enforcement, validity and maintenance of any warranty, covenant or representation.

(b) *Lessee's Representations and Warranties.* Lessee represents and warrants as follows:

(i) Lessee is a corporation duly organized and existing in good standing under the laws of the States of Indiana and Michigan;

(ii) this Lease has been duly authorized by all necessary corporate action on the part of Lessee, does not require any stockholder approval, does not require the approval of, or the giving of notice to, the I.C.C. or any other federal, state or foreign governmental authority, or, if such notice or approval is required, it has been given or obtained and evidence thereof has been delivered to Lessor, and this Lease does not contravene any law binding on Lessee or Lessee's articles of incorporation or by-laws or any indenture, credit agreement or other contractual agreement or written evidence of indebtedness to which Lessee is a party;

(iii) this Lease constitutes a legal, valid and binding obligation of Lessee in accordance with its terms;

(iv) there are no pending or threatened actions or proceedings against Lessee before any court or administrative agency which will in the opinion of Lessee materially adversely affect Lessee's condition or operations so as to materially adversely affect Lessee's ability to perform its obligations hereunder;

(v) that its rights and those of its permitted assigns to the Railroad Equipment under this Lease are subordinated and junior in rank to the rights of the Vendor to the Railroad Equipment and are subject to the remedies of the Vendor under the Conditional Sale Agreement;

(vi) Lessee recognizes that it is the custom of railroad equipment manufacturers or sellers to assign agreements of the character of the Conditional Sale Agreement and understand that the assignment of the Conditional Sale Agreement, or of some or all of the rights of the Vendor thereunder, is contemplated. The Lessee expressly represents, for the purpose of assurance to any

person, firm or corporation considering the acquisition of the Conditional Sale Agreement or of all or any of the rights of the Vendor thereunder, and for the purpose of inducing such acquisition, that in the event of such assignment by the Vendor as hereinbefore provided the rights of such assignee to the entire unpaid Conditional Sale Indebtedness or such part thereof as may be assigned, together with interest thereon, as well as any other rights thereunder which may be so assigned, shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever arising out of any breach of any obligation of either Manufacturer with respect to the Railroad Equipment or the delivery or warranty thereof, or with respect to any indemnity contained herein or in the Conditional Sale Agreement, nor subject to any defense, set-off, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Lessee by such Manufacturer. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Lessee, against and only against such Manufacturer.

In the event of any such assignment or successive assignments by the Vendor of title to the Railroad Equipment and of the Vendor's rights under the Conditional Sale Agreement with respect thereto, in the event such unit shall then be leased to the Lessee, the Lessee hereby agrees to change the names and word or words to be marked on each side of such unit, so as to indicate the title of such assignee to the Railroad Equipment with such names and word or words as shall be specified by such assignee, subject to the requirements of the laws of the jurisdictions in which the Railroad Equipment shall be operated relating to such names and word or words for use on equipment covered by conditional sale agreements with respect to railroad equipment. The cost of marking such names and word or words with respect to the first assignee of the Conditional Sale Agreement (or to a successor agent or trustee in case the first assignee is an agent or trustee) shall be borne, respectively, by each Manufacturer. The cost of marking such names and word or words in connection with any subsequent assignment (other than to a successor agent or trustee if the first assignee is an agent or trustee) will be borne by the subsequent assignee.

(c) *Leasing's Representations and Warranties.* Leasing represents and warrants as follows:

(i) Leasing is a corporation duly organized and existing under the laws of its state of incorporation;

(ii) Leasing will for United States income tax purposes depreciate Railroad Equipment using the double declining balance method assuming a 15 year useful life in the hands of Lessor and a salvage value of 15% to be reduced by 10% under Section 167(f) of the Internal Revenue Code of 1954, as amended. Leasing may use a more favorable method of depreciation but the measure of "Detriment" under Section 8(a)(ii) will be determined, if such measurement should be required, by the foregoing method. The only more favorable method now contemplated by Leasing is to change to the sum of the digits method at the end of the second or third tax year of Leasing into which the Term of this Lease extends pursuant to Revenue Procedure 67-40, as reported in Internal Revenue Bulletin 1967—43, 32.

SECTION 6. RETURN OF RAILROAD EQUIPMENT. Upon the termination of this Lease as to any item of Railroad Equipment, Lessee, at its own expense, will return such item of Railroad Equipment to Lessor at a point on the tracks of Lessee as may be designated by Lessor, and, in connection therewith, forthwith place such item of Railroad Equipment upon such storage tracks of Lessee as Lessor may designate or in the absence of such designation, as Lessee may select, and permit Lessor to store such item on such tracks for a period not exceeding three months and transport the same, at any time within such three months' period, to any reasonable place on the lines of railroad operated by Lessee or to any connecting carrier for shipment, all as directed by Lessor; the movement and storage of such item on the tracks of Lessee to be at the expense and risk of Lessee. During any such storage period Lessee will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such item, to inspect the same. At the time of such return such item of Railroad Equipment shall be free and clear of all liens, encumbrances and rights of others (except the rights of GECC, of the holders of the Certificates from time to time outstanding and of the rights of the Agent under the Finance Agreement) and in as good operating condition as when delivered to Lessee hereunder, ordinary wear and tear excepted.

SECTION 7. MORTGAGES, LIENS, ETC. Lessee will not directly or indirectly create, incur, assume or suffer to exist any mortgage, pledge, lien, security interest, charge, encumbrance or claim on or with respect

to the Railroad Equipment, title thereto or any interest therein, except (i) the respective rights of Lessor and Lessee as herein provided, the rights of GECC, of the holders of the Certificates from time to time outstanding and the rights of the Agent under the Finance Agreement, (ii) liens or encumbrances which result from claims against Lessor not related to the ownership thereof, (iii) liens for taxes either not yet due or being contested in good faith and by appropriate proceedings, and (iv) materialmen's, mechanics', workmen's, repairmen's, employees' or other like liens for goods provided to or services performed with respect to the Railroad Equipment arising in the ordinary course of business, provided that the claims from which such liens arise are not delinquent, or which are being contested in good faith and by appropriate proceedings. Lessor will promptly, at its own expense, take such action as may be necessary duly to discharge any such lien or encumbrance excepted by clause (ii) above if the same shall arise at any time. Lessee will promptly, at its own expense, take such action as may be necessary duly to discharge or stay pending any contest thereof any such mortgage, pledge, lien, security interest, charge, encumbrance or claim excepted by clauses (iii) and (iv) above if the same shall arise at any time.

SECTION 8. TAXES. (a) *Special Indemnity.* Lessee agrees as follows:

(i) If there shall be a disallowance, elimination, reduction or disqualification (in this subsection (a) called a "Loss") to Leasing, in whole or in part, of investment tax credit with respect to the Railroad Equipment in the amount of 7% of the purchase price of the Railroad Equipment (in this subsection (a) called the "Purchase Price"), Lessee shall, upon request of Lessor, pay to Lessor as Supplemental Rent an amount equal to the amount of the Loss of investment tax credit multiplied by a fraction, the numerator of which is 100 and the denominator of which is 100 minus the maximum effective corporate rate of United States income tax for the year in which the Loss occurs multiplied by 100 (such fraction is now $\frac{100}{100-(.528)\ (100)}$). Such rate shall be adjusted for any changes in the tax laws after the date hereof, including changes affecting or concerning normal and surtax rates, surcharges, excess profit taxes and other similar taxes, however denominated.

(ii) If there shall be a Loss, in whole or in part, of deduction of depreciation for new property based on the Purchase Price, Lessee shall, upon request of Lessor, pay to Lessor Supplemental Rent to compensate Leasing for the consequent lost cumulative deferral of Tax liability (in this paragraph called "Detriment"), existing thereafter from time to time, as determined by Leasing. For purposes of definition and explanation, "Detriment" would be equal to the amount of cumulative additional Tax required to be paid by Leasing or the affiliated group of which Leasing is a part on any increased taxable income from the time of Loss to the end of the term of the Lease resulting from (1) the Loss and (2) any increased taxable income during any or all years of the term of the Lease as a consequence of the adjustments which relate to the Loss. Said Supplemental Rent shall be an amount equal to 7¼% per annum multiplied by the Detriment applicable to each period with respect to which Basic Rent is paid and further adjusted to provide for payment in equal amounts with each subsequent payment of Basic Rent commencing with the first payment of Basic Rent not less than five days after Lessor notifies Lessee that a Loss has been sustained. This indemnification is intended to reimburse and make Leasing whole for any loss of Tax deferrals. In the event of a Loss of the whole of deduction for depreciation for any item of the Railroad Equipment, at any time thereafter Lessee shall have the right to prepay Basic Rent for the remaining term of this Lease and to thereupon receive a prepayment discount of Lessor's unearned leasing charges in an amount based upon the normal practice of Leasing and Leasing's affiliates (Lessee shall not thereby have any rights to such item of Railroad Equipment after the expiration of the Lease term);

(iii) For purposes of this subsection (a), a Loss shall occur upon the earliest of (A) the payment by Leasing (or any member of the affiliated group of which Leasing is a part) of any Tax increase resulting from such Loss or (B) the time when payment would be made were there no other adjustments to Leasing's Tax returns (or the tax returns of the affiliated group of which Leasing is a part). Leasing shall give notice to Lessor and Lessor shall give notice to Lessee of any Loss or threatened Loss as soon as is practical and reasonable. Leasing and Lessor may send notice requesting indemnification pursuant to Section 8(a) within 21 months of a Loss. Lessee shall pay such indemnification within ten days of notice from Lessor requesting payment, except that

under no circumstances shall nonpayment by Lessee be an Event of Default prior to sixty days after such notice from Lessor. Lessee will also pay any interest and penalties paid to the taxing authority or jurisdiction, or which would be payable if there were no other adjustments to Leasing's tax returns (or the tax returns of the affiliated group of which Leasing is a part). With respect to any Loss or threatened Loss other than by reason of disqualification of Railroad Equipment under Section 47 of the Internal Revenue Code of 1954, as amended, or the corresponding provisions of any similar statute hereafter enacted (herein called "disqualification"), Lessee may give notice to Lessor requesting Leasing to litigate and Lessor shall thereupon give notice to Leasing requesting Leasing to litigate at the expense of Lessee (with Leasing to have the choice of forum for litigation). If Leasing then shall fail to litigate, Leasing shall pay to Lessor and Lessor shall refund to Lessee one-half such interest and penalties paid by Lessee. Said notice to Lessor requesting Leasing to litigate shall be given no later than sixty days after the notice to Lessee requesting payment of indemnification and shall be accompanied by an opinion of counsel to Lessee justifying the request made by such notice. Lessor shall be responsible for, and shall not be entitled to a payment under this subsection (a) on account of, any Loss due solely (1) to limitation on investment credit due to lack of available income tax liability of Leasing or the affiliated group of which Leasing is a part, (2) to disqualifying disposition due to transfer by Leasing of its interest under the Trust Agreement or due to sale of any item of Railroad Equipment or the Lease by Lessor in any manner other than (x) as contemplated by this Lease or (y) upon Lessor exercising its rights under Section 16, (3) to failure of Leasing to timely claim investment tax credit and depreciation for the Railroad Equipment in Leasing's Tax returns (or the tax returns of the affiliated group of which Leasing is a part), or (4) to default of Lessor under the terms of this Lease or any of the accompanying agreements. Leasing will agree to exercise in good faith its best efforts, determined by the Tax Counsel of General Electric Company in his sole discretion to be reasonable, proper and consistent with the overall tax interest of General Electric Company and its subsidiaries, to avoid requiring Lessee to pay indemnity as Supplemental Rent pursuant to this subsection (a). Leasing may, but shall not be obligated to, submit a claim for refund with respect to any Tax paid in which event any such refund received together with any interest paid thereon by the government shall

be returned to Lessor and from Lessor to Lessee to the extent allocable to indemnification paid by Lessee; *provided, however,* that with respect to investment tax credit subject to gross-up pursuant to subsection (i) the benefit for United States income tax purposes of the deduction for such payment by Leasing to Lessor for Lessee of the amount of such refund by the government at the maximum effective corporate rate of United States income tax as described in subsection (i) for the year in which such payment by Leasing to Lessor for Lessee becomes due shall also be paid by Leasing to Lessor for Lessee. Lessee shall pay Leasing's expenses of any administrative appeal, claim for refund or litigation in respect of a Loss or threatened Loss, provided that Leasing gives notice in advance to Lessee of any proposed appeal, or claim for refund or litigation, and provided further that Lessee may notify Leasing that Lessee will not bear any such expenses thereafter incurred, in which event Leasing may refrain from or discontinue any appeal, claim for refund or litigation.

(iv) In the event that a Loss and consequent Detriment occurs and Lessee is required to pay and does pay Supplemental Rent to Lessor pursuant to this subsection (a):

(1) the total amount of such Supplemental Rent which Lessee shall be obligated to pay shall not in any event exceed the sum of $810,000; and (2) Lessee shall on the 15th anniversary of the Average Date of Delivery (upon which date any remaining payments of Basic Rent under Section 3(b) for the affected cars shall be prepaid by Lessee without discount or abatement for prepayment) be and become the owner of that number of box cars selected at random from among the box cars then comprising the Railroad Equipment determined as follows: multiply 213 by a fraction the numerator of which is the number of dollars paid by the Lessee to the Lessor pursuant to this subsection (a) less any amount returned to Lessee pursuant to Section 8(a)(iii) hereof and the denominator of which is 810,000 (the product rounded to the nearest whole number and limited to the number of then existing box cars), free and clear of all liens, mortgages, charges and encumbrances whatsoever arising from any acts of Lessor or Leasing; *provided, however,* that this subparagraph (a)(iv)(2) shall not apply to a Loss caused by an Event of Loss, Event of Default or disqualification as hereinbefore defined. Lessor shall confirm Lessee's title in and to such item or items of Railroad Equipment by issuing to Lessee a

bill of sale for such item or items of Railroad Equipment. In the event that Lessor terminates this lease prior to the 15th anniversary of the Average Date of Delivery pursuant to Section 16 it is understood and agreed that this subparagraph (a)(iv)(2) shall not apply. All Railroad Equipment transferred under this subparagraph (a)(iv)(2) at the time of transfer shall be within the United States. Lessee shall pay any and all taxes applicable to such transfer and all indemnities in Sections 8 and 11 of this Lease Agreement shall survive such transfer. For purposes of this paragraph (iv), Supplemental Rent under subsection (a) shall not include the expenses referred to in the last sentence of subparagraph (iii).

(b) *Taxes and Fees.* Lessee further agrees to indemnify Lessor and Leasing by paying as Supplemental Rent hereunder, all license and registration fees and all sales, use, personal property, excise, franchise, business, income, gross receipts, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature together with any penalties, fines, or interest thereon (all such fees, taxes, penalties, etc. being in this Section 8 and in Section 11(a) referred to as "Taxes") imposed against Leasing, Lessor, Lessee or the Railroad Equipment by any foreign, federal, state or local government, or subdivision thereof, or taxing district, jurisdiction or authority upon or with respect to such Railroad Equipment, or upon the purchase, ownership, delivery, leasing, possession, use, operation or return thereof or upon the rentals or receipts arising therefrom, or upon or with respect to the payment of any sums by the Guarantor on the Guaranty or upon or with respect to this Lease, excluding however:

(i) Taxes imposed by the United States of America or Canada or any state or province or political subdivision thereof, on or measured solely by the net income of Lessor or Leasing other than the Taxes arising out of or imposed in respect of receipt of the Supplemental Rents provided for by this subsection 8(b);

(ii) Any Taxes being contested by Lessee in good faith and by appropriate proceedings.

In case any report or return is required to be made with respect to any fee, tax, levy, impost, duty, charge or withholding which is the

subject of this subsection or arising out of this subsection, Lessee will either make such report or return in such manner as will show the ownership of the Railroad Equipment in Lessor and send a copy of such report or return to Lessor or will notify Lessor of such requirement and make such report or return in such manner as shall be satisfactory to Lessor. Anything contained in this Section to the contrary notwithstanding, if Lessor shall assign or convey its right, title and interest in and to this Lease and the Railroad Equipment, other than as contemplated by this Lease or other than in connection with an exercise of remedies under Section 16, Lessee shall not be obligated to pay any tax or fee thereafter imposed against Lessor or Leasing or the Railroad Equipment which would not have been imposed had such assignment or conveyance not occurred. Lessee will not use the Railroad Equipment or any item thereof, and will not suffer such Railroad Equipment or any item thereof to be used, in such a manner as to constitute a disqualification as defined in Section 8(a)(iii).

(c) *Indemnities to Survive.* All the indemnities contained in this Section shall continue in full force and effect notwithstanding the expiration or other termination of this Agreement. Anything herein to the contrary notwithstanding, Lessee shall not be obligated to indemnify Lessor in respect of any Taxes pursuant to subsection (b) to the extent such Taxes are allocable to any item of Railroad Equipment and to a period after the later to occur of

(i) the termination of this Lease with respect to such item of Railroad Equipment, or

(ii) the sale of such item of Railroad Equipment pursuant to Section 16.

SECTION 9. MAINTENANCE AND OPERATION; INSIGNIA. (a) *Maintenance and Operation.* Lessee agrees, for the benefit of Lessor, to comply with all governmental laws, regulations, requirements and rules (including the rules of the I.C.C. and the current Interchange Rules, or supplements thereto, of the Mechanical Division, Association of American Railroads) with respect to the possession, use, maintenance and operation of each item of Railroad Equipment subject to this

Lease. In case any equipment or appliance on any such item of Railroad Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such item of Railroad Equipment in order to comply with such laws, regulations, requirements and rules, Lessee agrees to make such changes, additions and replacements at its own expense; and Lessee agrees at its own expense to use, maintain and operate such item of Railroad Equipment in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease.

Lessee agrees that, at its own cost and expense, it will maintain and keep each item of Railroad Equipment which is subject to this Lease in good order and repair, ordinary wear and tear excepted.

Any parts installed or replacements made by Lessee upon any item of Railroad Equipment shall be considered accessions to such item of Railroad Equipment and, without cost or expense to Lessor, there shall be immediately vested in Lessor the same interest in such parts as the interest of Lessor in such item of Railroad Equipment except that Lessor shall have no interest in any racks installed upon or within the Railroad Equipment.

(b) *Insignia.* Lessee will cause each item of Railroad Equipment to be kept numbered with its identifying number as set forth in Exhibit B and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such item, in letters not less than one inch in height, the words, "BANKERS TRUST COMPANY, TRUSTEE, OWNER AND LESSOR; MORGAN GUARANTY TRUST COMPANY OF NEW YORK, AGENT AND CONDITIONAL SALE VENDOR" or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of Lessor to such item and the rights of Lessor under this Lease. Lessee will not place any such item of Railroad Equipment in operation or exercise any control or dominion over the same until such names and word or words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any such item except with the consent of Lessor and in accordance with a statement of new identifying numbers

to be substituted therefor, which consent and statement previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Lease will have been filed, recorded or deposited; *provided, however,* that, in addition to such identifying number, Lessee may cause to be placed on each item in such position as not to be confused with the identifying number thereon a reporting number identifying such item for reporting and operating purposes, which reporting number may be changed by Lessee from time to time without the consent of Lessor or the filing, recording or depositing of any instrument.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Railroad Equipment as a designation that might be interpreted as a claim of ownership; *provided, however,* that Lessee may cause the Railroad Equipment to be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of Lessee to use the Railroad Equipment under this Lease.

(c) Without limiting the foregoing, it is contemplated that Lessee shall receive insofar as applicable law and regulations allow, all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of the use of the Railroad Equipment and if for any reason Lessor shall receive any Mileage then (unless an Event of Default shall have occurred and be continuing) Lessor shall remit such Mileage to Lessee promptly.

SECTION 10. LOSS, DESTRUCTION, REQUISITION, ETC. (a) *Event of Loss with Respect to the Railroad Equipment.* Upon the occurrence of an Event of Loss or a probable Event of Loss with respect to any item of Railroad Equipment, Lessee shall immediately give Lessor notice by telegraph and shall, within 10 days after it has been determined that the occurrence is an Event of Loss, elect one of the following two alternatives:

(i) Pay to Lessor the Stipulated Loss Value for such item of Railroad Equipment, computed as of the date of payment, plus

applicable indemnification under Sections 8 and 11; and, in the event of payment in full of such Stipulated Loss Value, (A) the obligation of Lessee to pay all Basic Rent hereunder with respect to such item of Railroad Equipment shall continue to and including the date of the payment of such Stipulated Loss Value, but shall then terminate, and (B) Lessor will transfer to Lessee, all of Lessor's right, title and interest in and to such item of Railroad Equipment with respect to which such Event of Loss occurred without recourse or warranty other than against any act of Lessor and Lessor will at its own expense take such action as Lessee may reasonably request to convey to Lessee and confirm in Lessee the title to such item of Railroad Equipment to the extent herein provided; or

(ii) Duly convey to Lessor, as replacement for the item of Railroad Equipment with respect to which such Event of Loss occurred, title to another item of equipment of the same nature as such item of Railroad Equipment free and clear of all liens, encumbrances or rights of others whatsoever and having a value and utility at least equal to, and in each case being in as good operating condition as such item of Railroad Equipment was required by this Lease to have been in immediately prior to the occurrence of such Event of Loss; and, in such case Lessee, at its own expense, will promptly furnish Lessor with a bill of sale, in form and substance satisfactory to Lessor, with respect to such item of Railroad Equipment and take such other action as Lessor may reasonably request in order that such item of Railroad Equipment be duly and properly titled in Lessor and leased hereunder to the same extent as such item of Railroad Equipment replaced thereby. Upon full compliance by Lessee with the terms of this paragraph (ii), Lessor will transfer to Lessee, without recourse or warranty, except as set forth in Section 5(a)(iii), all of Lessor's right, title and interest in and to the item of Railroad Equipment with respect to which such Event of Loss occurred, and Lessor will at its expense take such action as Lessee may reasonably request to convey to Lessee and confirm in Lessee title to such item of Railroad Equipment to the extent herein provided.

If the alternative set forth in paragraph (i) of this Section 10 is elected by Lessee, Lessee shall fully perform within 90 days after making such election. If the alternative set forth in paragraph (ii)

of this Section 10 is elected by Lessee, Lessee shall cause the same to be fully performed within 90 days after the making of such election.

(b) *Risk of Loss.* Lessee shall bear the risk of the Railroad Equipment, or any item thereof, leased hereunder being lost, destroyed, irreparably damaged or rendered permanently unfit for use or being damaged in part, from any cause whatsoever at any time during the term of this Lease and thereafter until the return of the Railroad Equipment to Lessor. In the event that any item of Railroad Equipment is damaged in part, where such damage has not resulted in an Event of Loss with respect to such item of Railroad Equipment, the Lessee shall promptly cause all necessary repairs to be made on such item of Railroad Equipment to the end that Lessee shall return such item of Railroad Equipment to Lessor, in accordance with the terms of Section 6, in as good operating condition as when delivered to Lessee hereunder, ordinary wear and tear excepted. In the event of any loss, damage or destruction to the Railroad Equipment, in whole or in part, or all or any thereof being rendered wholly or partly unfit for use in any way, the Rent payable hereunder shall not be abated either in whole or in part, and Lessee shall not be released from any of its obligations hereunder, subject to the provisions of Section 10.

SECTION 11. INDEMNIFICATION AND EXPENSES. (a) Whether or not any of the transactions contemplated by the Finance Agreement shall be consummated, Lessee does hereby assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor, its agents and employees, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal expenses, of whatsoever kind and nature (all such liabilities, obligations, expenses, etc. being hereafter referred to as "Liabilities"), imposed on, incurred by or asserted against Lessor in any way relating to or arising out of the entering into by Leasing of the Conditional Sale Agreement, the ownership during the term of the Lease, the delivery, lease, possession, use, operation, condition or return of the Railroad Equipment (including, without limitation, latent and other defects, whether or not discoverable by Lessor or

Lessee, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of obligations assumed by Lessee under the instruments or documents executed by Lessee pursuant to this Lease, or arising on account of any accident in connection with the operation, use, condition, possession or storage of any item of Railroad Equipment resulting in damage to property or injury to any person; *provided, however,* that Lessee shall not be required to indemnify Lessor for Lessor's negligent or wrongful acts or negligence or wrongful omissions to act in performance of duties under the instruments or documents executed pursuant to this Lease; *provided further, however,* that the indemnification provided in this Section shall not apply to any liability for any Taxes as defined in Section 8(b); *and provided further, however,* that, notwithstanding this or any other provision of this Lease, Lessee shall indemnify against any alleged, claimed or actual negligence arising from or concerning the delivery, condition, maintenance, inspection, operation, specifications of or quality of the Railroad Equipment. Lessee and Lessor each agree to give to the other prompt written notice of any claims or liability hereby indemnified against. All the indemnities contained in this Section shall continue in full force and effect notwithstanding the expiration or other termination of this Lease and are expressly made for the benefit of, and shall be enforceable by, Lessor, its assigns and successors. The Lessee's obligations as aforesaid shall be that of a primary obligor irrespective of whether the individual or corporation indemnified shall also be indemnified with respect to the same matter under the Finance Agreement, the Trust Agreement or the Conditional Sale Agreement by Leasing, the Manufacturers or any other person. Anything herein to the contrary notwithstanding, Lessee shall not be obligated to indemnify Lessor in respect of any Liabilities pursuant to this subsection (a) to the extent such Liabilities are allocable to an item of Railroad Equipment and to an event occurring after the later to occur of

(i) the termination of this Lease with respect to such item of Railroad Equipment, or

(ii) the sale of such item of Railroad Equipment pursuant to Section 16.

(b) Lessee hereby agrees to indemnify, protect and hold harmless the Agent and any Vendor under the Conditional Sale Agreement from and against all Liabilities whatsoever regardless of the cause thereof, and expenses in connection therewith, arising out of retention of title by said Vendor to the Railroad Equipment, or any portion thereof, or out of the use and operation thereof during the period when title thereto remains in said Vendor, or imposed upon or accruing against said Vendor because of the use in or about the construction or operation of the Railroad Equipment, or any portion thereof, of any design specified by Lessee and not developed or purported to be developed by any Manufacturer, or article or material specified by Lessee and not manufactured by such Manufacturer, which infringes or is claimed to infringe on any patent or other right as to which the Manufacturer has been unable to secure a similar indemnity from the supplier thereof after exercising reasonable efforts to do so. The indemnities contained in this section shall survive payment of all obligations under this Lease and of the Conditional Sale Indebtedness or the termination of the Trust Agreement, this Lease, the Conditional Sale Agreement or the Assignment. Anything herein to the contrary notwithstanding, Lessee shall not be obligated to indemnify the Agent or any Vendor under the Conditional Sale Agreement in respect of any Liabilities pursuant to this subsection (b) to the extent such Liabilities are allocable to an item of Railroad Equipment and to an event occurring after the later to occur of

(i) the termination of this Lease with respect to such item of Railroad Equipment, or

(ii) the sale of such item of Railroad Equipment pursuant to Section 16.

Lessee further agrees that the defense of any claim referred to in this Section 11 shall be undertaken by the Lessee as the party upon whom liability therefor may be charged under the provisions of this Section 11, and the party in whose behalf such defense is so undertaken shall cooperate in such defense to the extent reasonably requested.

The Lessee will give notice to the Manufacturer of any claim known to it from which liability may be charged against the Manu-

facturer under the Manufacturer's patent indemnity contained in Articles 10 and 11 of the Conditional Sale Agreement.

SECTION 12. INSPECTION AND REPORTS. (a) Lessee will furnish to Lessor, for the benefit of Lessor and other parties to the Conditional Sale Agreement, on or before each March 1 during the term of this Lease, commencing in 1970, an accurate inventory of the items of Railroad Equipment in actual service during the reporting period and the numbers and the description of such items as may have been destroyed and replaced by others during the reporting period.

(b) Lessor or any Vendor under the Conditional Sale Agreement may, by its agents, but shall be under no obligation to, inspect the Railroad Equipment and the records of Lessee at least once in each calendar year and at any reasonable time or times and intervals during the term of this Lease. Lessee, insofar as it may legally do so, will supply free transportation over its lines to designated agents of Lessor for the purpose of enabling such agents to reach the point or points where items of Railroad Equipment are in operation for the purpose of making such inspection.

SECTION 13. POSSESSION AND USE; SUBLEASE AND ASSIGNMENT. (a) Without the prior written consent of Lessor, Lessee shall not sell, sub-lease, assign or transfer any item of Railroad Equipment or any of its rights or interests under this Lease. Lessee shall be entitled to the use of the Railroad Equipment upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by Lessee, or upon lines of railroad over which Lessee or any such corporation has trackage or other operating rights or over which railroad equipment of Lessee is regularly operated pursuant to contract, and upon connecting and other railroads in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Lease. Nothing contained herein shall be deemed

to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Railroad Equipment or possession of the Railroad Equipment to any corporation (which shall have duly assumed the obligations hereunder of Lessee) into or with which Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

(b) This Lease shall be subordinated to the rights of GECC, of holders of the Certificates from time to time outstanding and of the rights of the Agent under the Finance Agreement provided that such subordination shall not permit GECC, the holders of the Certificates or the Agent to terminate or impair Lessee's possession or use of the property subject to this Lease so long as Lessee is not in default under Section 15 hereof and the Agent has received the Rent. No such assignment or encumbrance shall subject any assignee or mortgagee to, or relieve Lessor from, any obligation of Lessor hereunder. Lessor has informed Lessee of its intention to assign this Lease and the rights of Lessor under the Conditional Sale Agreement to a trustee and to assign or cause to be assigned all rights, benefits and advantages of Lessor hereunder (but not including title to the Railroad Equipment), including the right to receive the payment of rental and other payments under this Lease to the Agent for the benefit of GECC and of the holders of the Certificates. Lessee expressly represents for the purpose of assurance to the Agent, GECC and the holders of the Certificates that the rights of the Agent, GECC and of the holders of the Certificates under said assignment and under the Conditional Sale Agreement, and the rights of any subsequent assignee of such rights, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Manufacturer in respect of the Railroad Equipment or the manufacture, construction, delivery, guarantee or warranty thereof, or arising by reason of any other indebtedness or liability at any time owing to Lessee by Lessor or any Manufacturer. Any and all such obligations howsoever arising shall be and remain enforceable by Lessee against and only against Lessor or against the Manufacturer, as the case may be.

SECTION 14. ADDITIONAL COVENANTS OF THE LESSEE. Lessee hereby unconditionally guarantees to the Vendor under the Conditional Sale Agreement that all sums payable by Leasing under the Conditional Sale Agreement (including, but not limited to, all sums payable by Leasing with respect to the Purchase Price of the Equipment except amounts payable by Leasing pursuant to subparagraph (a) of Article 3 of the Conditional Sale Agreement and except with respect to any interest greater than 7¼%, any amount in excess of 7¼%, and except with respect to sums payable by Leasing referred to in Article 19 of the Conditional Sale Agreement) will be promptly paid when due in accordance with the provisions of the Conditional Sale Agreement, together with interest thereon as therein provided, whether at stated maturity or by declaration or otherwise, and in case of default by Leasing in any such payment Lessee agrees punctually to pay the same, irrespective of any enforcement against Leasing of any of the rights of the Vendor under the Conditional Sale Agreement, *provided, however,* that there shall be no obligation upon the Lessee to pay the sums aforementioned in this Section 14 while or for so long as Lessee shall not be in default under this Lease and the Agent shall have received the Rent. Lessee's obligations to guarantee the payment of the sums aforementioned shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any indebtedness or liability at any time owing to Lessee by Leasing, or by Canadian National Railway Company, a corporation duly organized and existing under the laws of Canada, or any Manufacturer or Supplier of the Railroad Equipment, or any or all of them.

It is understood and agreed between Lessor and Lessee that any and all sums paid by Lessee, pursuant to the guarantee obligations aforementioned of this Section 14, shall be thereupon deemed to have been received and paid in reduction or satisfaction of any amounts then or thereafter due or payable by Lessee to Lessor under this Lease.

Lessee hereby covenants and agrees, for the benefit of the Vendor under the Conditional Sale Agreement, faithfully to observe all the applicable terms, covenants and conditions of this Lease and to per-

form all obligations as Lessee under such Lease, it being agreed that the undertakings of the Lessee pursuant to this Lease shall be deemed a part of the Conditional Sale Agreement with the same force and effect as if set forth therein in full. The obligations of Lessee under the provisions of the preceding sentence shall not be affected by any assignment of this Lease pursuant to Section 13 hereof or any expiration by passage of time of the term of the Lease, but shall continue as though the Lease continued in full force and effect until the Conditional Sale Indebtedness as defined in the Conditional Sale Agreement, together with interest thereon, shall have been paid in full. The obligations of the Lessee to guarantee the payment of the sums aforementioned shall not survive other termination of this Lease, it being expressly agreed, however, that for the purposes of this Article, this Lease shall not be deemed to have terminated because of any event or occurrence contemplated by Section 10 and/or 16 of this Lease.

Subject to the foregoing, in the event that Lessee shall make any payments to the Vendor under the Conditional Sale Agreement on account of its guaranty hereunder, Lessee hereby covenants and agrees that it shall not acquire any rights, by subrogation or otherwise, against Leasing or with respect to any of the units of the Railroad Equipment by reason of such payments, all such rights being hereby irrevocably released, discharged and waived by Lessee; *provided, however,* that after the payment by Lessee to the Vendor under the Conditional Sale Agreement of all sums payable by Leasing under the Conditional Sale Agreement, Lessee shall, by subrogation, be entitled to the rights of the Vendor under the Conditional Sale Agreement against Leasing by reason of such payment, to the extent, but only to the extent, (i) that Leasing had received income and proceeds from the Railroad Equipment (as defined in Article 13 of the Conditional Sale Agreement) and has not applied such income and proceeds to the payment, in accordance with the Conditional Sale Agreement, of sums payable by Leasing to the Vendor under the Conditional Sale Agreement and (ii) to the extent an assignee of Leasing can obtain exoneration or indemnification from Leasing.

Lessee will give prompt written notice to Lessor of any proceeding before any governmental agency against Lessee which, if adversely determined, would in the opinion of Lessee materially adversely affect Lessee's condition, affairs or operations, and any other matter which in the opinion of Lessee might materially adversely affect Lessee's financial condition, affairs or operations.

The Lessee hereby consents in all respects to the execution and delivery of the Trust Agreement, the Conditional Sale Agreement, the Assignment, and acknowledges receipt of an executed counterpart thereof and consents to the assignment by Lessor of its rights under its Conditional Sale Agreement and this Lease and its rights in the Railroad Equipment to the Trustee.

As provided in Section 9 of the Finance Agreement and Section 3 of the Assignment, Lessee understands that Leasing shall not be required to make any payment with respect to any Railroad Equipment excluded from the Conditional Sale Agreement pursuant to Article 2 thereof. If such exclusion results from either Manufacturer's failure to deliver any such Railroad Equipment due to one or more of the causes set forth in Article 2 of the Conditional Sale Agreement, the Lessee agrees to accept any such Railroad Equipment and to pay the full purchase price therefor, if and when such Equipment shall be completed and delivered by such Manufacturer to the Lessee, such payment to be in cash upon the delivery of such Railroad Equipment, either directly, or indirectly if the Lessee shall arrange therefor by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Lessee shall determine.

SECTION 15. EVENTS OF DEFAULT. The following events shall constitute Events of Default:

(a) Lessee shall fail to make any payment of Rent within five days after Lessor or the Agent shall have given notice to Lessee that Rent is past due; or

(b) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder and such failure shall continue unremedied for a period of 30

days; *provided, however,* that such period of 30 days shall not include any period during which Lessee is taking all such action as Lessor deems appropriate and reasonably necessary to cure such default, except that default shall not occur under this subsection (b) prior to 30 days' notice of impending default from Lessor to Lessee; or

(c) Any representation or warranty made by Lessee herein or in any document or certificate furnished Lessor in connection herewith or pursuant hereto shall prove to be incorrect as of the time when made in any material respect unless the same shall be remedied without any damage to Lessor within 30 days after written notice thereof to Lessee; or

(d) Lessee shall default (as principal or guarantor or other surety) in the payment of any principal of or premium, if any, or interest on any indebtedness in respect of borrowed money or in the performance of or compliance with any term of any evidence of such indebtedness or of any mortgage, indenture or other agreement relating thereto, and such default shall result in such indebtedness becoming or being declared due and payable prior to the date on which it would otherwise become due and payable; or

(e) Lessee shall make an assignment for the benefit of creditors or shall admit in writing its inability to pay its debts as they become due, or shall file a voluntary petition in bankruptcy, or shall be adjudicated a bankrupt or insolvent, or shall file any petition or answer seeking for itself any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any present or future statute, law or regulation, or shall file any answer admitting or not contesting the material allegations of a petition filed against Lessee in any such proceeding, or shall seek or consent to or acquiesce in the appointment of any trustee, receiver or liquidator of Lessee or of all or any substantial part of the properties of Lessee or if Lessee or its directors or majority stockholders shall take any action looking to the dissolution or liquidation of Lessee; or

(f) Within 60 days after the commencement of an action against Lessee seeking any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under Section 77 of the Bankruptcy Act, as now constituted or as

may be hereafter amended, or under any present or future statute, law or regulation, such action shall not have been dismissed or all orders or proceedings thereunder affecting the operations or the business of Lessee stayed, or if the stay of any such order or proceeding shall thereafter be set aside, or if, within 60 days after the appointment without the consent or acquiescence of Lessee of any trustee, receiver or liquidator of Lessee or of all or any substantial part of the properties of Lessee such appointment shall not have been vacated; or

(g) Lessee shall default in the payment of rent under any lease which provides for total payments over the term of the lease from Lessee to a lessor aggregating in excess of $500,000, or Lessee shall default in the performance of or compliance with any provision of such a lease and such default shall result in such lease being declared in default or Lessor exercising any of its remedies thereunder.

SECTION 16. REMEDIES. Upon the occurrence of any Event of Default and at any time thereafter so long as the same shall be continuing Lessor may, at its option, declare Lessee to be in default, and at any time thereafter, so long as Lessee shall not have remedied all outstanding defaults, Lessor may exercise one or more of the following remedies, as Lessor in its sole discretion shall elect, to the extent such remedies shall be available to a lessor under such laws as may then be in effect and applicable to the exercise of such remedies, and subject always to any mandatory requirements of such laws:

(a) Terminate this lease upon five days' written notice to Lessee, whereupon Lessee shall, without further demand, as liquidated damages for loss of a bargain and not as a penalty, forthwith pay to Lessor an amount equal to any unpaid Rent due on or before the date of termination plus an amount equal to the aggregate Stipulated Loss Value for the Railroad Equipment under lease immediately prior to such termination, computed as of the effective date of such termination, together with interest at the rate of 7¼% per annum on such unpaid Rent and such amount from the effective date of termination to the date of actual payment, plus any applicable indemnification under Sections 8 and 11;

(b) Cause Lessee at its expense to return the Railroad Equipment to the Lessor at a point in the United States of

America designated by Lessor, and, in connection therewith forthwith place the Railroad Equipment upon such storage tracks of Lessee as Lessor may designate or, in the absence of such designation, as Lessee may select, permit Lessor to store the Railroad Equipment on such tracks for a period not exceeding six months at the risk of Lessee, and transport the same, at any time within such six months' period, to any place on the lines of railroad operated by it or to any connecting carrier for shipment, all as directed by Lessor; or Lessor may enter upon the premises where the Railroad Equipment are located and take immediate possession of and remove them by summary proceedings or otherwise, all without liability of Lessor for or by reason of such entry or taking possession, whether for the repair of damage to property caused by such taking or otherwise;

(c) Sell the Railroad Equipment at public or private sale and with or without notice to Lessee or advertisement, as Lessor may determine, and Lessor may hold Lessee liable for any unpaid Rent due on or before the date of such sale plus any deficiency between the net proceeds of such sale and the Stipulated Loss Value for the property sold computed as of the date of sale plus any applicable indemnification under Sections 8 and 11, together with interest at the rate of 7¼% on the amount of such unpaid Rent and such deficiency from the date of such sale until the date of actual payment;

(d) Sell, dispose of, hold, use, operate, lease, or keep idle the Railroad Equipment in whole or in part as Lessor in its sole discretion may decide, without any duty to account to Lessee with respect to such action or for any proceeds thereof, except to such extent as may be required in connection with any exercise of the remedy provided in subsection (c) above; or

(e) Rescind this Lease or exercise any other right or remedy which may be available under applicable law or proceed by appropriate court action to enforce the terms hereof or to recover damages for the breach hereof.

In addition, Lessee shall be liable for any and all Supplemental Rent due hereunder before or after any termination hereof under any provision of this Lease, including all costs and expenses (including reasonable attorneys' fees and disbursements) incurred by reason of the oc-

currence of any Event of Default and the exercise of Lessor's remedies with respect thereto. No remedy referred to in this Section is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise or beginning of exercise by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by it of any or all such and any or all other remedies. No express or implied waiver by Lessor of any Event of Default hereunder shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. After default, Lessor may first apply all proceeds of rental, sale or other recoveries to costs, charges and expenses incurred in taking, removing, holding, repairing, overhauling, rehabilitating, maintaining and selling the Railroad Equipment or any portion thereof. Any disposition of Railroad Equipment after return thereof as provided for herein may be made by Lessor before any final judgment in any repossession or replevin suit, and shall not constitute conversion. After default, Lessor may use Lessee's premises without payment of rent for a reasonable period of time to hold, repair, overhaul, rehabilitate, maintain, store, sell, rent or otherwise dispose of the Railroad Equipment or any item thereof after Lessor takes possession of the Railroad Equipment or any item thereof.

Lessee agrees for the benefit of the Vendors under the Conditional Sale Agreement that such Vendors shall have the remedies set forth under Article 15 of such Agreement in case the Lessee is in default under the Lease or the Agent shall not have received the Rent.

SECTION 17. FINANCIAL STATEMENTS AND OTHER INFORMATION. Until all obligations of Lessee under this Lease are fulfilled, Lessee shall furnish to Lessor, to the Agent and to such other persons as Lessor may reasonably request, which may include GECC and the holders of any Certificates from time to time outstanding:

(a) forthwith, upon any officer of Lessee obtaining knowledge of any condition or event which constitutes an Event of Default or which, after notice or lapse of time or both, would constitute

an Event of Default, an officers' certificate specifying the nature and period of existence thereof and what action Lessee has taken or is taking or proposes to take with respect thereto; and

(b) with reasonable promptness, such other information and data with respect to Lessee or any of its subsidiaries as from time to time may be reasonably requested.

SECTION 18. LESSOR'S RIGHT TO PERFORM FOR LESSEE. If Lessee fails to make any payment of Supplemental Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such payment and the amount of the reasonable expenses of Lessor incurred in connection with such payment or the performance of or compliance with such agreement, as the case may be, together with interest thereon at the rate of 7¼% per annum, shall be deemed Supplemental Rent, payable by Lessee upon demand.

SECTION 19. FURTHER ASSURANCES. Lessee will promptly and duly execute and deliver to Lessor and Lessor will promptly and duly execute and deliver to Lessee such further documents and assurances and take such further action as Lessor or Lessee may from time to time reasonably request in order more effectively to carry out the intent and purpose of this Lease and to establish and protect the rights and remedies created or intended to be created in favor of Lessor and Lessee hereunder, including, without limitation, if requested by Lessor, at the expense of Lessee, the execution and delivery of supplements or amendments hereto, in recordable form, subjecting to this Lease any replacement items of Railroad Equipment and the recording or filing of counterparts hereof, or of financing statements with respect hereto, in accordance with the laws of such jurisdictions as Lessor may from time to time reasonably request.

SECTION 20. NOTICES. All notices required under the terms and provisions hereof shall be in writing, and except as otherwise provided

in this Lease any such notice shall become effective when deposited in the United States mail, with proper postage for ordinary mail prepaid, addressed, if to Lessee, at 131 West Lafayette Street, Detroit, Michigan 48226, and, if to Lessor (before the assignment of this Lease contemplated by Section 13 hereof), marked "Manager—Contracts Administration" at its office the address of which is 570 Lexington Avenue, New York, New York 10022, or if to Lessor (after the assignment contemplated by Section 13 hereof) at its office the address of which is 16 Wall Street, New York, N. Y. 10005, or, as to either party, at such other address and with such other marking as such party shall from time to time designate in writing to the other party. Notice by telegraph shall be effective upon receipt.

SECTION 21. NO SET-OFF, COUNTERCLAIM, ETC. Lessee's obligation to pay all Rent payable hereunder shall be absolute and unconditional under all circumstances, including, without limitation (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, Manufacturer or anyone else for any reason whatsoever, (ii) any defect in the title, condition, design, operation, or fitness for use of, or any damage to or loss or destruction of, any item of Railroad Equipment, or any interruption or cessation in the use or possession thereof by Lessee for any reason whatsoever, or (iii) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee. Lessee hereby waives, to the extent permitted by applicable law, any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender this Lease except in accordance with the express terms hereof.

SECTION 22. MISCELLANEOUS. (a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other

jurisdiction. To the extent permitted by applicable law Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) No term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party against which the enforcement of the change, waiver, discharge or termination is sought.

(c) This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to Lessee any right, title or interest in the Railroad Equipment except as a lessee only.

(d) The captions in this Lease are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

(e) This Lease is delivered in, and shall in all respects be governed by and construed in accordance with the laws of the State of New York and, where applicable, the laws of the United States of America, including all matters of construction, validity and performance.

(f) This Lease shall be effective for all purposes as of the date first above written although actually executed by the parties hereto on the date or dates appearing in the acknowledgments annexed hereto.

(g) For the purposes of each interest calculation to be made pursuant to this Lease, a year shall be deemed to consist of 360 days, and a calendar quarter deemed to consist of 90 days.

(h) The covenants and obligations of Lessee under Sections 5(b), 11, 12, 14 and 16 of this Lease are made for the benefit of any Vendor referred to in the Conditional Sale Agreement and the Trustee under the Trust Agreement and may be enforced by said Vendor or Trustee, to the same extent as if it were a party hereto as a third-party beneficiary hereof, without any assignment thereof to said Vendor or Trustee and without any responsibility by the parties hereto other than Lessee in connection therewith.

IN WITNESS WHEREOF, Lessor has caused these presents to be signed by _____, thereunto duly authorized, and its corporate seal to be affixed, attested by its Secretary or one of its Assistant Secretaries; and Lessee has likewise caused these presents to be signed with its corporate name by _____, thereunto duly authorized, and its corporate seal to be affixed, attested by its Secretary, or one of its Assistant Secretaries, all done as of the day and year first hereinbefore written.

LESSOR

GECC LEASING CORP.

[SEAL]

By _____

Attest:

_____

LESSEE

GRAND TRUNK WESTERN RAILROAD COMPANY

[SEAL]

By _____

Attest:

_____

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

BEFORE ME, the undersigned authority, on this day personally appeared, _____, _____ of GECC LEASING CORP., known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein set forth and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this the ____ day of November, 1968.

_____

Notary Public

CITY OF MONTREAL }
PROVINCE OF QUEBEC } ss.:

BEFORE ME, the undersigned authority, on this day personally appeared _____, _____ of GRAND TRUNK WESTERN RAILROAD COMPANY, known to me to be the person whose name is subscribed to the foregoing instrument, and acknowledged to me that he executed the same for the purposes and consideration therein expressed, in the capacity therein set forth and as the act and deed of said corporation.

GIVEN under my hand and seal of office, this the ____ day of November, 1968.

_____

Notary Public

EXHIBIT A

CERTIFICATE OF INSPECTION AND ACCEPTANCE

WITNESSETH:

WHEREAS, Lessor and Lessee have heretofore entered into a Lease Agreement dated as of November 26, 1968 (the "Lease Agreement"), which Lease Agreement provides for the execution and delivery by Lessee from time to time of Certificates of Inspection and Acceptance substantially in the form hereof for the purpose of accepting items of Railroad Equipment and subjecting such items to the Lease Agreement as and when delivered by Lessor to Lessee in accordance with the terms thereof (the defined terms in the Lease Agreement being hereinafter used with the same meaning);

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessee hereby accepts and leases from Lessor under the Lease Agreement the following items of Railroad Equipment (list by serial number).

2. The Delivery Date of the items of Railroad Equipment accepted hereby is the date of execution hereof.

3. Lessee hereby confirms to Lessor that the items of Railroad Equipment leased hereunder have been duly marked to show Lessor's title thereto in accordance with the terms of Section 9 of the Lease Agreement.

IN WITNESS WHEREOF, Lessee has caused these presents to be signed with its corporate name by one of its authorized agents, thereunto duly authorized, this ____ day of _____, 196_.

GRAND TRUNK WESTERN RAILROAD COMPANY

By _____

Authorized Agent

EXHIBIT B

DESCRIPTION OF RAILROAD EQUIPMENT

108 new railway box cars constructed by Pullman, Incorporated (Pullman Standard division) particulars as follows:

83—60′ 8-15/16″ Box 100-ton, numbered GTW 305500 to 305511
GTW 306259 to 306329

25—60′ 8-15/16″ Box 70-ton, numbered GTW 306659 to 306683

The said cars shall be constructed in accordance with specifications and drawings referred to in the following correspondence exchanged between the Manufacturer and the Lessee:

1. Manufacturer's letter to Lessee dated August 28, 1968.
2. Lessee's letter to Manufacturer dated September 25, 1968.

105 new 86′ 100-ton railway box cars numbered GTW 306075 to 306179, constructed by Thrall Car Manufacturing Company, to be constructed in accordance with specifications and drawings referred to in the following correspondence exchanged between the Manufacturer and the Lessee:

1. Manufacturer's letter to Lessee dated June 20, 1968.
2. Manufacturer's letter to Lessee dated June 26, 1968.
3. Manufacturer's letter to Lessee dated July 4, 1968.
4. Lessee's letter to Manufacturer dated July 5, 1968.
5. Manufacturer's letter to Lessee dated July 9, 1968.

EXHIBIT C

STIPULATED LOSS VALUE

The Stipulated Loss Value of any item of the Railroad Equipment as of any date shall be the appropriate Stipulated Loss Value number in Column [2] determined by reference to Column [1]

multiplied by a fraction

(a) the numerator of which is the purchase price of such item of Railroad Equipment (except that during any extended Term pursuant to Section 4, the Stipulated Loss Value shall be the greater of the amount payable under the Initial Term Schedule or the Renewal Term Schedule and under the Renewal Term Schedule the numerator shall be the fair market value referred to, and determined as set forth in, Section 4), and

(b) the denominator of which is $1,000,000.

INITIAL TERM SCHEDULE

[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value	[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value
0	1,000,000.00	18	930,881.94
1	996,297.62	19	926,884.37
2	992,579.43	20	922,869.73
3	988,845.36	21	918,837.94
4	985,095.34	22	914,788.93
5	981,329.31	23	910,722.63
6	977,547.19	24	906,638.96
7	973,748.91	25	902,537.85
8	969,934.43	26	898,419.23
9	966,103.64	27	894,283.02
10	962,256.50	28	890,129.14
11	958,392.93	29	885,957.51
12	954,512.86	30	881,768.08
13	950,616.22	31	878,560.76
14	946,702.93	32	875,335.47
15	942,772.93	33	872,092.12
16	938,826.15	34	868,830.66
17	934,862.51	35	865,551.00

INITIAL TERM SCHEDULE—Continued

[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value	[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value
36	862,253.06	73	726,638.36
37	858,936.76	74	722,584.86
38	855,602.03	75	718,509.77
39	851,248.79	76	714,413.01
40	848,876.96	77	710,294.48
41	845,486.45	78	706,154.09
42	842,077.19	79	701,991.75
43	838,649.10	80	697,807.36
44	835,202.10	81	693,600.83
45	831,736.11	82	689,372.06
46	828,251.04	83	685,120.96
47	824,746.82	84	680,847.43
48	821,223.36	85	676,551.38
49	817,680.58	86	672,232.71
50	814,118.40	87	667,891.33
51	810,536.74	88	663,527.14
52	806,935.51	89	659,140.03
53	803,314.62	90	654,729.92
54	799,674.00	91	650,296.70
55	796,013.56	92	645,840.28
56	792,333.22	93	641,360.55
57	788,632.89	94	636,857.42
58	784,912.49	95	632,330.79
59	781,171.93	96	627,780.56
60	777,411.12	97	623,206.62
61	773,629.98	98	618,608.88
62	769,828.42	99	613,987.23
63	766,006.35	100	609,341.57
64	762,163.69	101	604,671.80
65	758,300.35	102	599,977.81
66	754,416.24	103	595,259.51
67	750,511.27	104	590,516.78
68	746,585.35	105	585,749.53
69	742,638.39	106	580,957.65
70	738,670.30	107	576,141.03
71	734,680.99	108	571,299.57
72	730,670.37	109	566,433.16

INITIAL TERM SCHEDULE—Continued

[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value	[1] Payments of Basic Rent received subsequent to Delivery Date of affected unit of Railroad Equipment	[2] Stipulated Loss Value
110	561,541.70	146	367,825.31
111	556,625.07	147	361,927.60
112	551,683.18	148	356,000.43
113	546,715.91	149	350,043.68
114	541,723.15	150	344,057.22
115	536,704.80	151	338,040.92
116	531,660.74	152	331,994.66
117	526,590.87	153	325,918.30
118	521,495.09	154	319,811.72
119	516,373.26	155	313,674.79
120	511,225.29	156	307,507.38
121	506,051.06	157	301,309.36
122	500,850.46	158	295,080.60
123	495,623.38	159	288,820.96
124	490,369.71	160	282,530.32
125	485,089.33	161	276,208.54
126	479,782.13	162	269,855.49
127	474,447.99	163	263,471.04
128	469,086.80	164	257,055.05
129	463,698.44	165	250,607.39
130	458,282.80	166	244,127.92
131	452,839.76	167	237,616.51
132	447,369.20	168	231,073.02
133	441,871.00	169	224,497.31
134	436,345.05	170	217,889.24
135	430,791.23	171	211,248.68
136	425,209.42	172	204,575.49
137	419,599.50	173	197,869.53
138	413,961.35	174	191,130.66
139	408,294.85	175	184,358.74
140	402,599.88	176	177,553.62
141	396,876.32	177	170,715.17
142	391,124.04	178	163,843.24
143	385,342.92	179	156,937.69
144	379,532.84	180	150,000.00
145	373,693.68		

Renewal Term Schedule

[1] Payments of Basic Rent pursuant to Section 4 received	[2] Stipulated Loss Value	[1] Payments of Basic Rent pursuant to Section 4 received	[2] Stipulated Loss Value
0	1,000,000.00	30	756,811.85
1	992,384.68	31	748,157.91
2	984,736.83	32	739,467.01
3	977,056.32	33	730,738.99
4	969,343.01	34	721,973.70
5	961,596.76	35	713,170.97
6	953,817.42	36	704,330.65
7	946,004.86	37	695,452.57
8	938,158.93	38	686,536.58
9	930,279.49	39	677,582.51
10	922,366.40	40	668,590.20
11	914,419.52	41	659,559.48
12	906,438.70	42	650,490.19
13	898,423.79	43	641,382.17
14	890,374.65	44	632,235.25
15	882,291.14	45	623,049.26
16	874,173.10	46	613,824.04
17	866,020.39	47	604,559.42
18	857,832.86	48	595,255.24
19	849,610.35	49	585,911.32
20	841,352.74	50	576,527.49
21	833,059.86	51	567,103.59
22	824,731.56	52	557,639.44
23	816,367.69	53	548,134.87
24	807,968.10	54	538,589.71
25	799,532.64	55	529,003.78
26	791,061.15	56	519,376.91
27	782,553.48	57	509,708.93
28	774,009.48	58	500,000.00
29	765,428.99		

DOCUMENT NO. 6

Acquisition Agreement

ACQUISITION AGREEMENT

THIS ACQUISITION AGREEMENT, dated as of November 26, 1968, among GECC LEASING CORP., a Delaware corporation ("Leasing"), PULLMAN, INCORPORATED (Pullman-Standard division), a Delaware corporation ("Pullman") and THRALL CAR MANUFACTURING COMPANY, an Illinois corporation ("Thrall") (Thrall and Pullman being hereinafter collectively called the "Manufacturers" and singularly a "Manufacturer")

WITNESSETH:

WHEREAS, concurrently with the execution and delivery of this Agreement Leasing and each Manufacturer are entering into an agreement, dated as of the date hereof, substantially in the form of Exhibit A hereto (such agreement as the same may be amended, modified or supplemented from time to time being herein called the "Conditional Sale Agreement"), whereby, among other things, each Manufacturer has agreed to manufacture and sell to Leasing, and Leasing has agreed to purchase from each such Manufacturer, upon the terms and conditions therein set forth, the railroad equipment described in Schedule A to the Conditional Sale Agreement which is delivered and settled for on or prior to March 31, 1969 (herein collectively called the "Equipment") for the estimated purchase price or prices shown in said Schedule A;

WHEREAS, concurrently with the execution and delivery of this Agreement, Bankers Trust Company, not individually but solely as trustee under a Trust Agreement hereinafter referred to (said trustee being the "Trustee") and Leasing are entering into a Trust Agreement (the "Trust Agreement") substantially in the form of Exhibit E hereto,

whereby, among other things, the Trustee agrees to hold all its right, title and interest in and to this Agreement, the Equipment hereinafter referred to, the Lease hereinafter referred to and all payments or proceeds received under the Lease or after the termination thereof with respect to any portion of the Equipment (as hereinafter defined) as the result of the sale, lease or other disposition thereof or otherwise and all other monies, proceeds or property at any time received by the Trustee (all of the foregoing being the "Trust Estate") for the benefit of Leasing in accordance with the terms of the Trust Agreement;

WHEREAS, concurrently with the execution and delivery of this Agreement, Leasing and Grand Trunk Western Railroad Company, a Michigan and Indiana corporation (the "Lessee") are entering into a Lease of Equipment, dated as of the date hereof, substantially in the form of Exhibit B hereto (such Lease of Equipment as the same may be amended, modified or supplemented from time to time being herein called the "Lease"), whereby, among other things, subject to the terms and conditions set forth therein, Leasing has agreed to lease to the Lessee, and the Lessee has agreed to lease from Leasing, Equipment on the date such Equipment or any portion thereof is delivered by the Manufacturer to, and accepted by, the Lessee;

WHEREAS, concurrently with the execution and delivery of this Agreement, each Manufacturer has assigned its right, title and interest under the Conditional Sale Agreement to Morgan Guaranty Trust Company of New York (herein called the "Agent"), as Agent, by Agreement and Assignment substantially in the form of Exhibit C hereto (said Agreement and Assignment as the same may be amended, modified or supplemented from time to time being herein called the "Assignment");

WHEREAS, concurrently with the execution and delivery of this Agreement, Leasing, the Agent, and various Investors are entering into a Finance Agreement substantially in the form of Exhibit D hereto (said Finance Agreement being herein called the "Finance Agreement") providing, among other things, for the purchase of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) by the Investors named in Schedule A thereto;

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

SECTION 1. *Payment by Leasing of Portion of Purchase Price of the Equipment.* Subject to the terms and conditions of this Agreement, the Conditional Sale Agreement and the Finance Agreement, Leasing hereby agrees to contribute, at any time from the date hereof to and including March 31, 1969, to the payment of the Purchase Price (hereinafter in this Section defined) of the Equipment by paying an amount equal to not less than 30% of the Purchase Price of such Equipment (such proportion of the Purchase Price of the Equipment being herein called the "Leasing's Contribution"). The parties hereto contemplate that, subject to the terms and conditions of the Finance Agreement, an amount equal to the balance of such Purchase Price shall be paid to each Manufacturer by the Agent (such amount being herein called the "Investor's Contribution") as partial consideration for the execution and delivery to the Agent by each Manufacturer of the Assignment. The "Purchase Price" of the Equipment shall mean an amount equal to the aggregate Purchase Price payable to each Manufacturer for Equipment delivered by such Manufacturer pursuant to Article 3 of the Conditional Sale

Agreement on the date (the "Settlement Date") fixed for payment for such Equipment as set forth in said Article 3.

SECTION 2. *Notice of Settlement Date.* Leasing will notify the Lessee forthwith of the receipt by Leasing from each Manufacturer of the documents described in the fifth paragraph of Article 3 of the Conditional Sale Agreement, and of each date fixed by Leasing as a Settlement Date pursuant to the Conditional Sale Agreement. On or before noon on each Settlement Date Leasing will pay the aggregate amount of Leasing's Contribution with respect to the Equipment for which settlement is then being made by making such amount available to the Agent at its office in New York, New York.

SECTION 3. *Conditions Precedent to the Payments by Leasing.* It is agreed that the obligation of Leasing to contribute to the payment of the Purchase Price of the Equipment on any Settlement Date is subject to the conditions precedent set forth in paragraphs (a) through (d) of Section 9 of the Finance Agreement.

As provided in Section 9 of the Finance Agreement, it is understood that Leasing shall not be required to make any payment with respect to any Equipment excluded from the Conditional Sale Agreement pursuant to Article 2 thereof. If such exclusion results from either Manufacturer's failure to deliver any such Equipment due to one or more of the causes set forth in Article 2 of the Conditional Sale Agreement, it is understood that the Lessee has agreed (in the Lease) to accept any such Equipment and to pay the full purchase price therefor, if and when such Equipment shall be completed and delivered by such Manufacturer to the Lessee, such payment to be in cash upon the delivery of such Equipment, either directly, or indirectly if the

Lessee shall arrange therefor by means of a conditional sale agreement, equipment trust or such other appropriate method of financing as the Lessee shall determine.

SECTION 4. *Recording.* Leasing will, at its own expense, cause the Conditional Sale Agreement, the Assignment, the Lease and any amendments or supplements thereto to be filed, recorded or deposited and refiled, re-recorded or redeposited, if necessary, with the Interstate Commerce Commission and will duly cause the Lease, the Conditional Sale Agreement and the Finance Agreement to be deposited and notice of such deposit given in the *Canada Gazette,* under Section 148(1) and (2) of the Railway Act (Canada) R.S.C. 1952, Chapter 234, as amended by 14-15-16 Eliz. II, Chapter 25 in the manner, at the time and upon the conditions set forth in Section 14 of the Finance Agreement.

SECTION 5. *Miscellaneous.* This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument. Neither this Agreement nor any of the terms hereof may be terminated, amended, supplemented, waived or modified orally, but only by an instrument in writing signed by the party against which the enforcement of the termination, amendment, supplement, waiver or modification is sought. The terms of this Agreement shall be binding upon, and inure to the benefit of Leasing, the Trustee and each Manufacturer, their successors and their assigns. Each party hereto covenants and agrees with each other party hereto that it will promptly and duly execute and deliver to each such other party such further documents and assurances and take such further action as each such other party may from time to time reasonably request in order to more effectively carry

out the intent and purpose of this Agreement and to establish and protect the rights and remedies created or reserved in favor of each such other party hereunder or intended so to be. This Agreement shall in all respects be governed by, and construed in accordance with, the law of the State of New York, including all matters of construction, validity and performance.

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

PULLMAN, INCORPORATED
(Pullman-Standard division)

By _____
Vice President

THRALL CAR MANUFACTURING COMPANY

By _____
Vice President

GECC LEASING CORP.

By _____
Vice President

EXHIBIT A

Conditional Sale Agreement
See Document No. 3 in this Volume

EXHIBIT B

Lease of Railroad Equipment
See Document No. 5 in this Volume

EXHIBIT C

Agreement and Assignment
See Document No. 4 in this Volume

EXHIBIT D

Finance Agreement
See Document No. 1 in this Volume

EXHIBIT E

Trust Agreement
See Document No. 7 in this Volume

DOCUMENT NO. 7

TRUST AGREEMENT

TRUST AGREEMENT

THIS TRUST AGREEMENT dated as of November 26, 1968 between BANKERS TRUST COMPANY, a New York corporation, not individually but solely as trustee hereunder (the *"Trustee"*) and GECC LEASING CORP., a Delaware corporation (*"Leasing"*).

WITNESSETH:

ARTICLE I

DEFINITIONS

SECTION 1.01. For all purposes of this Trust Agreement the following terms shall have the following meanings (such definitions to be equally applicable to both the singular and plural forms of the terms defined):

(a) *"Conditional Sale Agreement"* shall mean that certain Conditional Sale Agreement to be dated as of the date hereof and to be executed and delivered by the Manufacturers, and Leasing concurrently with the execution and delivery of this Trust Agreement in the form of the copy heretofore delivered to Leasing, as said Conditional Sale Agreement may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement.

(b) *"Assignment"* shall mean that certain Agreement and Assignment to be dated as of the date hereof and to be executed and delivered by the Manufacturers to Morgan Guaranty Trust Company of New York (the "Agent" or the "Assignee") concurrently with the execution and delivery of this Trust Agreement in the form of the copy heretofore delivered to Leasing, as said Assignment may from time to time be supplemented or amended, or the terms thereof waived

or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement.

(c) *"Contribution"* of Leasing in any Group shall mean the original amount paid by Leasing to the Agent pursuant to Sections 1 and 9 of the Finance Agreement as Leasing's contribution to the payment of the Purchase Price for such Group.

(d) *"Settlement Notice"* shall mean a written or telegraphic notice from the Lessee or any Manufacturer addressed to the Trustee and the Agent specifying the proposed Settlement Date for any Group and specifying the amount of the Purchase Price for such Group and for the Equipment in such Group and the amount of Leasing's Contribution in such Group and each such unit of Equipment.

(e) *"Event of Default"* shall have the meaning set forth in Article 14 of the Conditional Sale Agreement or Section 15 of the Lease, as the context may require.

(f) *"Finance Agreement"* shall mean that certain Finance Agreement dated as of the date hereof and entered into concurrently with the execution and delivery of this Trust Agreement, among Leasing, the Investors and the Agent as the same may from time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms thereof.

(g) *"Investors"* shall mean together, the Investors named in Schedule A to the Finance Agreement.

(h) *"Lease"* shall mean that certain Lease of Railroad Equipment to be dated as of the date hereof and to be entered into by Leasing and the Lessee concurrently with the execution and delivery of this Trust Agreement in substantially the form of the copy heretofore delivered to Leasing, as said Lease may from

time to time be supplemented or amended, or the terms thereof waived or modified, to the extent permitted by, and in accordance with, the terms of this Trust Agreement.

(i) *"Lessee"* shall mean Grand Trunk Western Railroad Company, a corporation organized and existing under the laws of Michigan and Indiana.

(j) *"Trust Estate"* shall mean all estate, right, title and interest of Leasing in and to the Equipment, the Conditional Sale Agreement and the Lease, including without limitation (i) all amounts of rentals, amounts in respect of Events of Loss, indemnity or other payments of any kind for or with respect to any unit of Equipment, (ii) all right, title and interest in and to the units of Equipment accruing to Leasing after the payment in full of the Conditional Sale Indebtedness, together with all interest accrued thereon, and (iii) any and all payments or proceeds to be received by Leasing after the termination of the Lease with respect to any unit of Equipment as the result of the sale, lease or other disposition thereof.

SECTION 1.02. For all purposes of this Trust Agreement the following terms shall have the meanings defined in the Lease: *"Event of Loss"*, *"Stipulated Loss Value"* and *"Rent"*.

SECTION 1.03. For all purposes of this Trust Agreement the following terms shall have the meanings defined in the Conditional Sale Agreement: *"Equipment"*, *"Conditional Sale Indebtedness"*, *"Settlement Date"*, *"Group"*, *"Manufacturers"*, *"Purchase Price"* and *"Vendors"*.

SECTION 1.04. For all purposes of this Trust Agreement the term *"Agent"* shall have the meaning defined in the Finance Agreement.

ARTICLE II

Assignment of Rights under the Conditional Sale Agreement and the Lease; Declaration of Trust

Section 2.01. Leasing hereby assigns all of its estate, right, title and interest in and to the Trust Estate to the Trustee for the benefit of Leasing in accordance with the Terms of this Trust Agreement. Leasing hereby authorizes and directs the Trustee to acknowledge notice of the Assignment and, subject to the terms of this Trust Agreement, to exercise the rights and perform the duties of Leasing as vendee under the Conditional Sale Agreement and the Assignment and of the Lessor under the Lease.

Section 2.02. The Trustee hereby declares that it will hold the Trust Estate upon the trusts hereinafter set forth for the use and benefit of Leasing in accordance with the terms of this Trust Agreement.

Section 2.03. The Trustee hereby declares for the benefit of all parties to the Finance Agreement, the certificates of interest between the Agent and the Investors, the Conditional Sale Agreement, the Acquisition Agreement among the Manufacturers and the Agent dated November 26, 1968, and the Lease that, subject to the provisions of this Trust Agreement, it may be deemed to be "Leasing" or "Lessor" under such Agreements and Lease for all purposes thereof and shall be deemed to have taken the actions previously taken by Leasing or Lessor thereunder and each reference to Leasing or Lessor in such Agreements or Lease shall be hereafter a reference to the Trustee except where the context of such Agreements or Lease requires a contrary conclusion.

ARTICLE III

Acceptance and Delivery of Equipment; Payment

Section 3.01. Leasing hereby authorizes and directs the Trustee to, and the Trustee agrees that it will, on the Settlement Date for each Group as specified in the Settlement Notice, subject to due compliance with the terms of Section 3.02 hereof:

(i) accept from each Manufacturer the documents with respect to each Group furnished pursuant to clauses (i) and (ii) of Section 3.02 hereof and, to the extent theretofore directed by Leasing, clause (iii) of the fifth paragraph of Article 3 of the Conditional Sale Agreement; and

(ii) upon receipt of such documents, except to the extent theretofore otherwise directed by Leasing, request the Agent to make payment to the appropriate Manufacturer, to the extent funds therefor are received by the Agent from Leasing by certified or official bank check in New York Clearing House Funds before noon on the Settlement Date of an amount equal to the cash price payable to such Manufacturer on the Settlement Date for such Group pursuant to subparagraph (a) of the third paragraph of Article 3 of the Conditional Sale Agreement.

Section 3.02. The obligation of the Trustee to take the action required by Section 3.01 hereof shall be subject to the conditions precedent that, and the Trustee shall be fully protected in taking such action if:

(i) the Trustee shall have received notice of a Settlement Date;

(ii) Leasing shall have made the full amount of its Contribution in each unit of Equipment included in such Group available to the Agent on or before noon,

in Immediately Available Funds, on the Settlement Date; and

(iii) the Trustee shall not have received written notice from Leasing that there has been failure of compliance with the terms and conditions of Article 3 of the Conditional Sale Agreement.

ARTICLE IV

Receipt, Distribution and Application of Income From the Trust Estate

Section 4.01. Except as otherwise provided in Section 4.06 hereof, the Trustee shall apply each payment of Rent for a Group received by the Trustee as follows:

(a) Prior to payment in full of the Conditional Sale Indebtedness and all accrued interest thereon, an amount of each payment of Rent received for the Group equal to the lesser of (i) the amount of such payment, or (ii) the aggregate amount, if any, not then held by the Agent which will be due and payable under the Conditional Sale Agreement in respect of the Conditional Sale Indebtedness and interest thereon on the next instalment payment date for such Indebtedness shall be distributed by the Trustee on the due date of such payment of Rent (or as soon thereafter as such payment shall be received) to the Agent in payment of the Trustee's obligations under and pursuant to the Conditional Sale Agreement and the Assignment; and

(b) Any balance remaining after application, if any, in accordance with subsection (a) above and any amounts made available to the Trustee by the Agent shall be paid to Leasing.

Section 4.02. Except as otherwise provided in Sections 4.06 and 4.07 hereof, each payment received by the Trustee as the result of an Event of Loss in respect of any unit of Equipment pursuant to Section 10 of the Lease or

as a result of any prepayment of Rent pursuant to Section 8 of the Lease shall be distributed as follows:

(a) Prior to payment in full of the Conditional Sale Indebtedness and all interest accrued thereon, an amount of each payment so received equal to the lesser of (i) the amount of such payment or (ii) the Stipulated Loss Value of such unit of Equipment required to be paid pursuant to the terms of Article 5 of the Conditional Sale Agreement shall be distributed by the Trustee on the date of receipt thereof to the Agent in payment of the Trustee's obligations under and pursuant to the Conditional Sale Agreement and the Assignment; and

(b) The balance of such payment, if any, remaining after application, if any, in accordance with subsection (a) above shall be distributed by the Trustee to Leasing.

SECTION 4.03. All payments at any time received by the Trustee from or on behalf of the Lessee pursuant to the Lessee's indemnities contained in Sections 8 and 11 of the Lease shall be applied, *first*, to any tax or other cost or expense incurred or loss suffered by the Trustee or the Agent and, *second*, ratably to Leasing and the Vendor which incurred the tax or other loss, cost or expense indemnified against in the proportion that the amount of the tax or other loss, cost or expense incurred by each of them bears to the aggregate amount of the tax or other loss, cost or expense incurred by both of them.

SECTION 4.04. Except as otherwise provided in Section 4.06 hereof, all payments received by the Trustee from the Lessee pursuant to Section 8 of the Lease as the result of the loss of any investment credit or accelerated depreciation for a unit of Equipment shall be distributed to Leasing.

SECTION 4.05. Except as otherwise provided in Section 4.06 hereof, any payments received by the Trustee, other than those referred to in the previous Sections of this Article, for which provision as to the application thereof is made in the Lease or the Finance Agreement, shall be applied to the purpose for which such payment was made in accordance with the terms of the Lease or the Finance Agreement; and any payments received by the Trustee for which no provision as to the application thereof is made in the Lease or in this Article IV shall be retained as part of the Trust Estate and, unless required for application pursuant to Section 4.06 hereof, shall, upon termination of this Agreement and the trusts created hereby, be distributed in accordance with the terms of Section 4.07 hereof.

SECTION 4.06. Except as otherwise provided in Section 4.03 and the first clause of Section 4.05 hereof, all payments received and amounts realized by the Trustee after an Event of Default under the Conditional Sale Agreement shall have occurred and be continuing and after the Vendor shall have declared the Conditional Sale Indebtedness to be due and payable pursuant to Article 14 thereof (including any amounts realized by the Trustee or the Agent from the exercise of any remedies pursuant to Section 16 of the Lease), as well as all funds then held or thereafter received by the Trustee as part of the Trust Estate while such Event of Default shall be continuing, shall be applied, *first,* to the reimbursement of the Trustee and the Agent for all expenses not reimbursed under this Trust Agreement, the Lease or otherwise, and, *second,* any sums remaining thereafter shall be distributed as follows:

(a) That portion of any sums remaining for distribution pursuant to the first paragraph of this Sec-

tion as shall equal the lesser of (i) the aggregate amount of all such sums or (ii) the unpaid principal amount, if any, of the Conditional Sale Indebtedness, plus the accrued but unpaid interest owing on such Conditional Sale Indebtedness to the date of distribution by the Trustee shall be distributed by the Trustee to the Agent in discharge of the Trustee's obligations under and pursuant to the Conditional Sale Agreement and the Assignment; and

(b) All amounts remaining after the distributions made pursuant to the immediately preceding paragraph of this Section shall be distributed by the Trustee to Leasing.

SECTION 4.07. Except as otherwise provided in Sections 4.03, 4.04, the first clause of 4.05 and 4.06 hereof:

(a) All payments received and amounts realized by the Trustee under the Lease or otherwise with respect to a unit of Equipment (including, without limitation, all payments of Rent pursuant to Section 3 of the Lease received and amounts realized upon the sale of such unit of Equipment after the termination of the Lease with respect thereto) to the extent received or realized at any time after payment in full of the principal of, and interest on, the Conditional Sale Indebtedness, and

(b) Monies not included in subsection (a) of this Section 4.07 remaining as part of the Trust Estate after payment in full of the principal of, and interest on, the Conditional Sale Indebtedness,

shall be applied, *first,* to the reimbursement of the Trustee and the Agent for any expense not reimbursed under this Trust Agreement, the Lease or otherwise and, *second,* any balance remaining thereafter shall be distributed to Leasing.

SECTION 4.08. The Trustee shall make distributions to be made by the Trustee to Leasing pursuant to this Article

IV by causing the Agent to pay the amount to be distributed to Leasing at the main office of Leasing in New York, N.Y.

SECTION 4.09. The Trustee hereby assigns the Rent due and payments due as a result of an Event of Loss (as defined in the Lease) under the Lease and assigns, as security for the Conditional Sale Indebtedness, all other rights under the Lease, to the Agent. Such assignment relieves the Trustee of all duty to make disbursements under this Article IV except to the extent the Agent pays money to the Trustee which is to be distributed to Leasing, and the Agent assumes such duties under Section 20(d) of the Finance Agreement.

ARTICLE V

DUTIES OF THE TRUSTEE

SECTION 5.01. In the event the Trustee shall have knowledge of an Event of Default under the Lease or the Conditional Sale Agreement, the Trustee shall give prompt written notice of such Event of Default to Leasing and to the Agent by first class mail, postage prepaid, unless such Event of Default shall have been remedied before the giving of such notice. Subject in all respects to the terms and provisions of the Conditional Sale Agreement and the rights of the Agent thereunder, and subject further to the terms of Section 5.03 hereof, the Trustee shall take such action with respect to such Event of Default as Leasing shall direct by written notice to the Trustee, including, without limitation, the application of monies furnished by Leasing and monies in the Trust Estate and available for the purpose to the payment of the Conditional Sale Indebtedness, with accrued interest, pursuant to Article 15 of the Conditional Sale Agreement. For all purposes of this Trust Agreement, the Trustee shall not be deemed to have

knowledge of an Event of Default unless notified of such Event of Default in writing by Leasing.

SECTION 5.02. Subject in all respects to the terms and provisions of the Conditional Sale Agreement and the Lease and the rights of the Agent and the Lessee, respectively, thereunder, and subject further to the terms of Sections 5.01 and 5.03 hereof, in the case of each unit of Equipment, upon the written request at any time and from time to time of Leasing, the Trustee will take such of the following action as may be specified in such request: (i) give such notice or direction or exercise such right or power under the Lease or the Conditional Sale Agreement with respect thereto or to any unit of Equipment, including without limitation the right to transfer, assign or convey the Trustee's interest in the Conditional Sale Agreement, the Lease or any unit of Equipment, as shall be specified in such request; and (ii) after the expiration or earlier termination of the Lease with respect to a unit of Equipment, convey all of the Trustee's right, title and interest in and to such unit of Equipment for such amount, on such terms and to such purchaser or purchasers as shall be designated in such request, or retain, lease or otherwise dispose of such unit of Equipment as shall be designated in such request.

SECTION 5.03. The Trustee shall not be required to take any action under Section 5.01 or 5.02 hereof unless the Trustee shall have been indemnified by Leasing, in manner and form satisfactory to the Trustee, against any liability, cost or expense (including counsel fees) which may be incurred in connection with such action. The Trustee shall not be required to take any action under Section 5.01 or 5.02, nor shall any other provision of this Trust Agreement be deemed to impose a duty on the Trustee to take any ac-

tion, if the Trustee shall determine, or shall have been advised by counsel, that such action is likely to result in personal liability or is contrary to the terms of the Lease, the Conditional Sale Agreement or the Assignment or is otherwise contrary to law.

SECTION 5.04. It is agreed that the Trustee shall not have any duty or obligation to manage, control, use, sell, dispose or otherwise deal with any unit of Equipment or any other part of the Trust Estate, or to otherwise take or refrain from taking any action under, or in connection with, the Lease, the Conditional Sale Agreement or the Assignment, except as expressly provided by the terms of this Trust Agreement or as expressly provided in written instructions from Leasing received pursuant to the terms of Section 5.01 or 5.02 hereof; and no implied duties or obligations shall be read into this Trust Agreement against the Trustee; *provided, however,* that, subject to the provisions of Section 6.06 hereof, nothing contained in this Article V shall limit in any manner (a) the obligation of the Trustee to perform and observe all of the terms and conditions of the Conditional Sale Agreement imposed upon Leasing thereunder or (b) the obligations of the Trustee set forth in Article IV hereof.

SECTION 5.05. The Trustee agrees that it will not manage, control, use, sell, dispose of or otherwise deal with any unit of Equipment or any other part of the Trust Estate except (i) as required by the terms of the Lease, the Conditional Sale Agreement or the Assignment, (ii) in accordance with the powers granted to, or the authority conferred upon, the Trustee pursuant to this Trust Agreement or (iii) in accordance with written instructions from Leasing pursuant to Section 5.01 or 5.02 hereof.

ARTICLE VI

The Trustee

Section 6.01. The Trustee accepts the trusts hereby created and agrees to perform the same but only upon the terms of this Trust Agreement. The Trustee shall not be answerable or accountable under any circumstances except for its own wilful misconduct or gross negligence.

Section 6.02. Except in accordance with written instructions furnished pursuant to Section 5.02 hereof and without limitation of the generality of Section 5.04 hereof, the Trustee shall have no duty (i) to see to any recording, filing or depositing of the Lease, the Finance Agreement, the Conditional Sale Agreement, the Assignment or this Trust Agreement, or of any amendments or supplements thereto or to see to the maintenance of any such recording or filing or depositing or to any re-recording, refiling or redepositing of any thereof, (ii) to see to any insurance on the Equipment or to effect or maintain any such insurance, (iii) to see to the payment or discharge of any tax, assessment or other governmental charge or any lien or encumbrance of any kind owing with respect to, assessed or levied against, any part of the Trust Estate, (iv) to confirm or verify any reports of the Lessee other than to furnish Leasing with a copy of each such report furnished the Trustee by the Lessee pursuant to Section 12 of the Lease or (v) to inspect the Equipment at any time or ascertain or inquire as to the performance or observance of any of the Lessee's covenants under the Lease with respect to the Equipment.

Section 6.03. The Trustee makes (i) no representation or warranty as to the value, condition or fitness for use of any Unit or as to its title thereto, or any other repre-

sentation or warranty with respect to the Equipment whatsoever, and (ii) no representation or warranty as to the validity, legality or enforceability of this Agreement, the Lease, the Conditional Sale Agreement or the Assignment or as to the correctness of any statement contained in any thereof.

SECTION 6.04. No monies received by the Trustee hereunder need be segregated in any manner except to the extent required by law and the Trustee shall not be liable for any interest thereon.

SECTION 6.05. The Trustee shall incur no liability to anyone in acting upon any signature, instrument, notice, resolution, request, consent, order, certificate, report, opinion, bond or other document or paper believed by it to be genuine and believed by it to be signed by the proper party or parties. The Trustee may accept a copy of a resolution of the Board of Directors of any corporate party, certified by the Secretary or an Assistant Secretary of said party, as duly adopted and in full force and effect, as conclusive evidence that such resolution has been duly adopted by said Board and that the same is in full force and effect. As to any fact or matter the manner of ascertainment of which is not specifically described herein, the Trustee may for all purposes hereof rely on a certificate, signed by or on behalf of the proper party executing the same, as to such fact or matter, and such certificate shall constitute full protection to the Trustee for any action taken or omitted to be taken by it in good faith in reliance thereon. In the administration of the trusts hereunder, the Trustee may execute any of the trusts or powers hereof and perform its powers and duties hereunder directly or through agents or attorneys and may, at the expense of the Trust Estate, advise with counsel, accountants and other skilled persons

to be selected and employed by it, and the Trustee shall not be liable for anything done, suffered or omitted in good faith by it in accordance with the advice or opinion of any such counsel, accountants or other skilled persons.

SECTION 6.06. In accepting the trusts hereby created, the Trustee acts solely as trustee hereunder and not in its individual capacity; and all persons, other than Leasing, having any claim against the Trustee by reason of the transactions contemplated hereby shall look only to the Trust Estate for payment or satisfaction thereof.

ARTICLE VII

INDEMNIFICATION OF TRUSTEE BY LEASING

SECTION 7.01. Leasing hereby agrees, whether or not any of the transactions contemplated hereby shall be consummated, to assume liability for, and does hereby indemnify, protect, save and keep harmless the Trustee and its respective successors, assigns, legal representatives, agents and servants, from and against any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses or disbursements (including legal fees and expenses) of any kind and nature whatsoever which may be imposed on, incurred by or asserted against the Trustee (whether or not also indemnified against by the Lessee under the Lease or under the Finance Agreement or also indemnified against by any Manufacturer or any other person) in any way relating to or arising out of this Trust Agreement, the Lease, the Finance Agreement, the Conditional Sale Agreement or the Assignment or the performance or enforcement of any of the terms of any thereof, or in any way relating to or arising out of the manufacture, purchase, acceptance, rejection, ownership,

delivery, lease, possession, use, operation, condition, sale, return or other disposition of any Unit of Equipment (including, without limitation, latent and other defects, whether or not discoverable, and any claim for patent, trademark or copyright infringement), or in any way relating to or arising out of the administration of the Trust Estate or the action or inaction of the Trustee hereunder, except only in the case of wilful misconduct or gross negligence on the part of the Trustee in the performance of its duties hereunder. The indemnities contained in this Section 7.01 shall survive the termination of this Trust Agreement. In addition, if necessary, the Trustee shall be entitled to indemnification from the Trust Estate for any liability, obligation, loss, damage, penalty, claim, action, suit, cost, expense or disbursements indemnified against pursuant to this Section 7.01 to the extent not reimbursed by the Lessee, Canadian National Railroad Company, a corporation organized and existing under the laws of Canada, the Manufacturers or Leasing; and to secure the same the Trustee shall have a lien on the Trust Estate prior to any interest therein of Leasing.

ARTICLE VIII

Transfer of Leasing's Interests

Section 8.01. Leasing shall not assign, convey or otherwise transfer any of its right, title or interest in and to this Trust Agreement, the Trust Estate or the Finance Agreement, except that all, but not less than all, of its right, title and interest in and to this Trust Agreement, the Trust Estate and the Finance Agreement may be assigned, conveyed or transferred by Leasing to General Electric Credit Corporation, a New York corporation ("GECC"), or to any other corporation which shall have been consented to by and shall enter into an agreement or agreements, in form

and substance satisfactory to the Agent, whereby such party becomes a party to the Finance Agreement and to this Trust Agreement and agrees to be bound by all the terms of, and to undertake all of the obligations of Leasing contained in, the Finance Agreement and this Trust Agreement and to assume the obligations of Leasing under Section 2(f) of the Lease and make the representations and warranties similar to those contemplated by Section 5(c) of the Lease. Such consent shall not, however, be unreasonably withheld by the Agent and the Agent has consented and the Trustee hereby consents to such assignment to GECC. Upon any such disposition by Leasing to a party as above provided, such corporation shall be deemed *"Leasing"* for all purposes hereof, and shall be deemed to have made all the Contributions in the Equipment previously made by Leasing; and each reference herein to Leasing shall thereafter be deemed a reference to such corporation.

SECTION 8.02. If Leasing shall propose to transfer its interests hereunder pursuant to Section 8.01 hereof, it shall give written notice to the Trustee and the Agent, specifying the name and address of the proposed transferee, and enclosing the agreement or agreements referred to in Section 8.01 hereof, together with the instrument or instruments evidencing the approval of the form and substance thereof by the Agent.

ARTICLE IX

SUCCESSOR TRUSTEE

SECTION 9.01. (a) The Trustee or any successor thereto may resign at any time without cause by giving at least 30 days' prior written notice to the Agent and Leasing, such resignation to be effective on the date specified in such notice. In addition, Leasing may at any time remove the

Trustee without cause by an instrument in writing delivered to the Trustee.

(b) Any successor Trustee shall execute and deliver to the predecessor Trustee an instrument accepting such appointment, and thereupon such successor Trustee, without further act, shall become vested with all the estates, properties, rights, powers, duties and trusts of the predecessor Trustee in the trusts hereunder with like effect as if originally named as a Trustee herein; but nevertheless upon the written request of such successor Trustee, such predecessor Trustee shall execute and deliver an instrument transferring to such successor Trustee, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of such predecessor Trustee, and such predecessor Trustee shall duly assign, transfer, deliver and pay over to such successor Trustee any property or monies then held by such predecessor Trustee upon the trusts herein expressed.

ARTICLE X

Supplements and Amendments to This Trust Agreement and Other Documents

Section 10.01. At any time and from time to time, but subject to the terms and provisions of Section 14 of the Finance Agreement, upon the written request of Leasing, (i) the Trustee, together with Leasing, shall execute a supplement hereto for the purpose of adding provisions to, or changing or eliminating provisions of, this Trust Agreement as specified in such request and (ii) the Trustee shall enter into or consent to such written amendment of or supplement to the Lease, the Conditional Sale Agreement or the Assignment as the Lessee, the Manufacturers, the Vendors, or the Investors, as the case may be, may agree to and as may be specified in such request, or execute and

deliver such written waiver or modification of the terms of the Lease, the Conditional Sale Agreement or the Assignment as may be specified in such request.

SECTION 10.02. If in the opinion of the Trustee any document required to be executed pursuant to the terms of Section 10.01 hereof affects any immunity or indemnity in favor of the Trustee under this Trust Agreement, the Conditional Sale Agreement, the Assignment or the Lease, the Trustee may in its discretion decline to execute such document.

SECTION 10.03. It shall not be necessary for any written request of Leasing furnished pursuant to Section 10.01 hereof to specify the particular form of the proposed document to be executed pursuant to said Section, but it shall be sufficient if such request shall indicate the substance thereof.

SECTION 10.04. Promptly after the execution by the Trustee of any document entered into pursuant to Section 10.01 hereof, the Trustee shall mail, by first class mail, postage prepaid, a conformed copy thereof to the Agent, at its address last known to the Trustee, but the failure of the Trustee to mail such conformed copy shall not impair or affect the validity of such document.

ARTICLE XI

MISCELLANEOUS

SECTION 11.01. (a) Irrespective of any other provisions of this Trust Agreement, Leasing, at its sole option, may at any time revoke this trust and vest in itself title to the Equipment, monies or other property, proceeds and rights comprising the Trust Estate upon delivery of written instructions to such effect to the Trustee. Upon

receipt of such instructions the Trustee shall transfer to Leasing all right, title and interest of the Trustee in and to the Equipment, monies or other property, proceeds and rights comprising the Trust Estate and the trusts created hereby shall thereupon terminate.

(b) In the event of the transfer of the Equipment, monies and other property comprising the Trust Estate to Leasing pursuant to Section 11.01(a) hereof, Leasing will, to the extent of the Trust Estate, and to no greater extent, discharge the obligations of the Trustee hereunder, under the Lease and under the Conditional Sale Agreement (as such obligations are limited in said instruments). Nothing contained in this Section 11.01 shall be deemed to impose on Leasing any liability or obligation in the event that the trusts created hereby are terminated (whether by operation of law or otherwise) other than expressly in accordance with the terms of Section 11.01(a) hereof.

SECTION 11.02. This Trust Agreement and the trusts created hereby in any event shall terminate and this Trust Agreement shall be of no further force or effect upon the earlier of (a) the sale, transfer or other final disposition by the Trustee of all property, including all right, title and interest of the Trustee in and to the Conditional Sale Agreement, the Lease and the Equipment, at any time part of the Trust Estate and the final distribution by the Trustee of all monies, other property and proceeds constituting the Trust Estate, as Leasing may at any time direct or (b) twenty-one years less one day after the date of the earliest acknowledgment of the execution of this Trust Agreement by any party hereto; otherwise this Trust Agreement and the trusts created hereby shall continue in full force and effect in accordance with the terms hereof.

SECTION 11.03. Leasing shall not have legal title to any part of the Trust Estate except insofar as the investment credit and accelerated depreciation shall be deemed to be part of the Trust Estate. No transfer, by operation of law or otherwise, of the right, title and interest of Leasing in and to the Trust Estate or hereunder shall operate to terminate this Trust Agreement or the trusts hereunder or entitle any successor or transferee of Leasing to an accounting or to the transfer to it of legal title to any part of the Trust Estate.

SECTION 11.04. Any assignment, sale, transfer or other conveyance by the Trustee of the interest of the Trustee in the Conditional Sale Agreement, the Lease or any Units, made pursuant to the terms of this Trust Agreement, the Conditional Sale Agreement or the Lease shall bind Leasing and shall be effective to transfer or convey all right, title and interest of the Trustee and Leasing in and to the Conditional Sale Agreement, the Lease or such Units. No purchaser or other grantee shall be required to inquire as to the authorization, necessity, expediency or regularity of such assignment, sale, transfer or conveyance or as to the application of any sale or other proceeds with respect thereto by the Trustee.

SECTION 11.05. Nothing in this Trust Agreement, subject to Sections 2.03 and 4.09 hereof, whether express or implied, shall be construed to give to any person other than the Trustee and Leasing and their respective successors and assigns, any legal or equitable right, remedy or claim under or in respect of this Trust Agreement; but this Trust Agreement shall be held to be for the sole and exclusive benefit of the Trustee and Leasing and their respective successors and assigns.

SECTION 11.06. Unless otherwise expressly specified or permitted by the terms hereof, all notices shall be in writing, mailed by regular mail, postage prepaid, and (i) if to the Trustee, addressed to 16 Wall Street, New York, N. Y. 10005 Attn: Corporate Trust Division, (ii) if to Leasing, addressed to its Manager—Contracts Administration, 570 Lexington Avenue, New York, N. Y. 10028. Whenever any notice in writing is required to be given by the Trustee to Leasing, such notice shall be deemed given and such requirement satisfied if such notice is mailed by regular mail, postage prepaid, addressed to Leasing at the address last known to the Trustee as the address of Leasing.

SECTION 11.07. Any provision of this Trust Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

SECTION 11.08. No term or provision of this Trust Agreement may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by the party or other person against whom enforcement of the change, waiver, discharge or termination is sought; and any waiver of the terms hereof shall be effective only in the specific instance and for the specific purpose given.

SECTION 11.09. This Trust Agreement may be executed by the parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute but one and the same instrument.

SECTION 11.10. All covenants and agreements contained herein shall be binding upon, and inure to the benefit of, the Trustee and its successors and assigns, and Leasing and its successors and, to the extent permitted by Article VIII hereof, its assigns. Any request, notice, direction, consent, waiver or other instrument or action by Leasing shall bind its successors and assigns.

SECTION 11.11. The headings of the various Articles herein are for convenience of reference only and shall not define or limit any of the terms or provisions hereof.

SECTION 11.12. This Trust Agreement shall in all respects be governed by, and construed in accordance with, the laws of the State of New York, including all matters of construction, validity and performance.

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

BANKERS TRUST COMPANY

[CORPORATE SEAL]

By _____

Attest: *Assistant Vice President*

_____

Assistant Secretary

GECC LEASING CORP.

[CORPORATE SEAL]

By _____

Attest:

_____

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

On the __th day of _____, 1968, before me personally appeared _____ to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of BANKERS TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____

Notary Public

[NOTARIAL SEAL]

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

On the __th day of _____, 1968, before me personally appeared _____ to me personally known, who, being by me duly sworn, says that he is a Vice President of GECC LEASING CORP., that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____

Notary Public

[NOTARIAL SEAL]

DOCUMENT NO. 8

GUARANTY AGREEMENT

DOCUMENT NO. 8

GUARANTY AGREEMENT

MEMORANDUM OF AGREEMENT entered into at the City of Montreal, in the Province of Quebec, Canada, as of the ____ day of November, 1968.

By and Between: CANADIAN NATIONAL RAILWAY COMPANY, a body politic and corporate, duly incorporated under the laws of Canada and having its head office in the City of Montreal in the Province of Quebec, Canada, herein acting and represented by Edward Thomas Hurley, one of its Vice-Presidents and by Leonard Allister Fuller, its Assistant Secretary, duly authorized for the purpose hereof by Order-in-Council Number P. C. 1968/____, dated October __, 1968, and a Resolution of its Board of Directors passed on the ____ day of September, 1968 (hereinafter referred to as "CNR"),

OF THE FIRST PART,

And: GECC LEASING CORP., a body politic and corporate, duly incorporated under the laws of the State of Delaware, U. S. A., having its head office in the City of New York, in the State of New York, herein acting and represented by Richard Schwartz, its Counsel and Attesting Secretary, duly authorized for the purposes hereof as he so declares (hereinafter referred to as "Leasing"),

OF THE SECOND PART,

And: THRALL CAR MANUFACTURING COMPANY, a body politic and corporate, duly incorporated under the laws of the State of Illinois, U. S. A. and PULLMAN, INCORPORATED, a body politic and corporate, duly incorporated under the laws of the State of Delaware, U. S. A. (which companies are hereinafter jointly referred to as the "Vendors"),

OF THE THIRD PART

WHEREAS, concurrently with the execution and delivery of this Guaranty Agreement, the Vendors are entering into a Conditional Sale Agreement with Leasing providing for the purchase by Leasing from

the Vendors of certain railroad equipment being manufactured by the Vendors;

WHEREAS, concurrently with the execution and delivery of this Guaranty Agreement, Leasing is also entering into a Lease Agreement with Grand Trunk Western Railroad Company (hereinafter referred to as "Grand Trunk"), as Lessee, providing for the lease by Leasing to Grand Trunk of the railroad equipment referred to in the preceding paragraph;

WHEREAS, Grand Trunk is guaranteeing in virtue of and subject to certain provisions of the Lease Agreement, the due and punctual performance of all obligations of Leasing to the Vendors under the Conditional Sale Agreement above mentioned;

WHEREAS, Grand Trunk is a wholly owned subsidiary of CNR and CNR has undertaken to guarantee all obligations and covenants of Grand Trunk under the Lease Agreement including the guaranty of Grand Trunk of the obligations of Leasing under the Conditional Sale Agreement as therein in the Lease Agreement provided.

NOW THEREFORE the parties hereto agree as follows:—

1. In consideration of the payment by Leasing and each of the Vendors to CNR of the sum of One dollar ($1) and for other good and valuable considerations, the receipt and sufficiency whereof are hereby acknowledged, CNR hereby unconditionally guarantees in favour of Leasing and each of the Vendors and their respective assigns, the due performance by Grand Trunk of all of its obligations and covenants under the terms of the Lease Agreement including, more particularly, but without restricting the generality of the foregoing, the payment by Grand Trunk of all "Basic Rent", "Supplemental Rent" and "Liabilities" (as such terms are defined in the Lease Agreement) and all obligations of Grand Trunk under and in virtue of the guarantee provided thereunder by Grand Trunk of all obligations of the Lessor in favour of the Vendors and their respective assigns under and in virtue of the Conditional Sale Agreement.

2. CNR hereby acknowledges that it has received copies of the Lease Agreement and the Conditional Sale Agreement and is fully conversant with all the terms and conditions of each such agreement.

3. CNR recognizes that it is the custom of railroad equipment manufacturers, vendors and lessors to assign agreements of the character of the Lease Agreement and Conditional Sale Agreement and that the assignments of some or all of the rights of the Vendors and/or Leasing thereunder is contemplated and hereby confirms its agreement thereto and acceptance thereof.

4. CNR hereby waives the benefit of discussion.

5. This Agreement shall in all respects be governed by and construed in accordance with the laws of the Province of Quebec.

IN WITNESS WHEREOF the parties hereto have executed this Agreement at the place and as of the date first hereinabove mentioned.

CANADIAN NATIONAL RAILWAY COMPANY

By _____

_____

GECC LEASING CORP.

By _____

THRALL CAR MANUFACTURING COMPANY

By J. A. Thrall

PULLMAN, INCORPORATED

By _____