

3.5 Treatment of Certain Indebtedness. (a) Notwithstanding any other provision of this Agreement or the other Harnischfeger Corporation Restructuring Agreements, if through the operation of any bankruptcy, reorganization, insolvency or other laws or otherwise, the Trustees' security interest hereunder and under the Harnischfeger Security Documents is avoided with respect to any indebtedness then outstanding which would otherwise constitute Secured Debt (except to the extent that any portion of the Secured Debt is deemed to be an unsecured claim by operation of Section 506(a) of the Bankruptcy Code), (i) such indebtedness with respect to which such security interest is avoided shall be deemed not to constitute Secured Debt for the purposes of this Agreement and the Harnischfeger Security Documents and (ii) no distribution under this Agreement shall be made in respect of such indebtedness with respect to which such security interest is avoided.

(b) Notwithstanding any other provision of this Agreement or the other Harnischfeger Corporation Restructuring Agreements, if the Trustees' security interest in or lien against any item of Collateral is, with respect to any portion (the whole portion affected by a defect of the type described in clauses (i), (ii) or (iii) following being hereinafter referred to as the "Affected Portion") of the Secured Debt (i) avoided under Section 544 or 547 of the Bankruptcy Code,

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