

Interstate Commerce Commission
Washington, D. C.

RECORDATION NO. 9348 Filed & Recorded

APR 28 1978 -9 50 AM

INTERSTATE COMMERCE COMMISSION

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and nine counterparts of an Equipment Lease dated as of April 1, 1978.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedule A attached to this letter and made a part hereof.

The names and addresses of the parties are:

RECEIVED
APR 28 5 47 AM '78
CERTIFICATION UNIT

Lessor: Westinghouse Leasing Corporation
Three Gateway Center
23rd Floor
Pittsburgh, Pennsylvania 15222

Lessee: United States Lease Financing, Inc.
633 Battery Street
San Francisco, California 94111

The undersigned is the Lessee mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and eight copies of the Equipment Lease to Larry Elkins, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

8-118A032

Date APR 28 1978

Fee \$ 750

ICC Washington, D. C.

Very truly yours,

UNITED STATES LEASE FINANCING, INC.

By Myron M. Christy
Its Senior Vice President

LESSEE AS AFORESAID

Enclosures

C. F. Kessler

Chapman & Cutler

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: ACF Industries, Incorporated

Description and Mark and
Number of Items of
Equipment: 500 100-ton Covered Hopper Cars
Marked and Numbered ROCK 800000
to ROCK 800499, both inclusive

Base Purchase Price of
Equipment: \$ _____ per Item

Maximum Aggregate Purchase
Price of Equipment: \$17,000,000

Place of Delivery: Covington or Lexington, Kentucky

Outside Delivery Date: December 31, 1978

(CRI Lease No. 6)

SCHEDULE A
(to Equipment Lease)

9340
RECORDATION NO. Filed & Recorded

APR 28 1978 -9 20 AM

INDIANIA COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of April 1, 1978

BETWEEN

WESTINGHOUSE LEASING CORPORATION

LESSOR

AND

UNITED STATES LEASE FINANCING, INC.

LESSEE

(CRI Lease No. 6)
(500 100-Ton Covered Hopper Cars)

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ATTACHMENTS TO EQUIPMENT LEASE:

SCHEDULE A -- Description of Items of Equipment

SCHEDULE B -- Schedule of Casualty Values

SCHEDULE C -- Schedule of Early Termination Values

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of April 1, 1978 between WESTINGHOUSE LEASING CORPORATION, a Delaware corporation (the "Lessor") and UNITED STATES LEASE FINANCING, INC., a California corporation (the "Lessee");

R E C I T A L S:

A. Pursuant to a Purchase Order Assignment dated as of April 1, 1978, William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (the "Sublessee") has assigned to the Lessor its right to purchase the equipment referred to below in contemplation that, pursuant to the provisions hereof, the Lessor would acquire such equipment and the Lessee would lease the same therefrom and would sublease the same to the Sublessee under an Equipment Sublease dated as of April 1, 1978 (the "Sublease") substantially in the form attached as Exhibit C to the Participation Agreement referred to below.

B. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of April 1, 1978 (the "Participation Agreement") with Wells Fargo Bank, National Association, as security trustee (the "Security Trustee") and the institutional investors named in Schedule I thereto (the "Note Purchasers") and United States Leasing International, Inc. (the "Guarantor") providing for the commitment of the Lessor to acquire the equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A hereto and made a part hereof. Under the Participation Agreement, the Note Purchasers will commit to purchase 9% Secured Notes (the "Notes") of the Lessor in an amount equal to 69.8449% of the Purchase Price (as defined therein) of each Item of Equipment and the Guarantor will commit to guarantee, pursuant to a Guaranty Agreement dated as of April 1, 1978 (the "Guaranty Agreement") substantially in the form attached thereto as Exhibit E, the due performance and observance by the Lessee in a timely manner each of the Lessee's obligations hereunder and under the Participation Agreement. It is contemplated that the Participation Agreement will provide that the Notes will be secured by an assignment of the Lessor's right, title and interest in and to this Lease (including, without limitation, the rights of the Lessor under Section 21 hereof in respect of the Sublease and other Permitted Subleases referred to therein) and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of April 1, 1978 (the "Security Agreement") from the Lessor to the Security Trustee.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon delivery of each Item of Equipment by the manufacturer thereof identified in Schedule A hereto (hereinafter referred to as the "Manufacturer"), the Lessor shall lease and let such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth.

1.2. Delivery and Acceptance of Items. The Lessor will cause each Item of Equipment to be tendered to the Sublessee at the place of delivery set forth in Schedule A. Upon such tender, the Sublessee has agreed pursuant to Section 1.2 of the Sublease that it will cause an inspector designated and authorized by the Sublessee to inspect the same, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment and to execute and deliver to the Lessor, the Lessee and the Manufacturer a Certificate of Acceptance in the form attached to the Sublease as Schedule B (the "Certificate of Acceptance") with respect to such Item of Equipment; provided, however, that the Sublessee shall not accept and the Lessee shall have no obligation to lease thereto (and the Lessor shall have no obligation to lease to the Lessee and the Lessee shall have no obligation to lease from the Lessor hereunder) any Item of Equipment delivered after the Outside Delivery Date therefor set forth in Schedule A hereto or any Item of Equipment with respect to which payment therefor by the Lessor would cause the purchase price for such Item and all Items of Equipment previously delivered to and accepted on behalf of the Lessor to exceed \$17,000,000.

1.3. Delivery under Sublease Constitutes Delivery and Acceptance Hereunder. The Lessee hereby confirms and agrees that the Sublessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 of the Sublease shall conclusively establish that such Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and from and after delivery of such Certificate of Acceptance with respect to any Item of Equipment by the Sublessee, the Lessee agrees to be bound by each and all of the terms and conditions of this Lease with respect to such Item of Equipment without regard to the state or condition thereof at the time of such delivery and acceptance.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor, on the dates provided in Section 2.3 hereof, for each Item of Equipment leased hereunder, 30 consecutive semiannual installments of rental (the "Fixed Rental"), payable in arrears, the first 14 installments to be each in an amount equal to 4.87896% of the Purchase Price thereof and the remaining 16 installments to be each in an amount equal to 3.99188% of the Purchase Price thereof.

2.2. Rental Payment Dates. The first installment of Fixed Rental for each Item of Equipment shall be due and payable on the later of (i) February 15, 1979, or (ii) six months following the final Closing Date (as defined in the Participation Agreement), but in no event later than June 30, 1979 (said later date being herein called the "Term Lease Commencement Date") and the balance of the Fixed Rental installments shall be paid in consecutive six-month intervals thereafter. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois are authorized or required to close.

2.3. Place of Rent Payment. The Lessor instructs the Lessee to make all payments due hereunder as follows:

(a) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof; provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(b) The entire amount of any payment of Casualty Value or Early Termination Value pursuant to Section 11 hereof shall be paid to the Lessor by wire transfer to the address provided for payments in Section 22.1 hereof (identifying the same as a payment of Casualty Value or Early Termination Value relating to CRI Lease No. 6); provided that in the event either the Lessor or the Security Trustee shall notify the Lessee in writing that the right to receive payment of such Casualty Value or Early Termination Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the address designated in such notice or as otherwise designated from time to time in writing by such assignee;

(c) The amount of any payment owing to the Lessor pursuant to Sections 6, 10.2 and 11.1 (with respect to public liability insurance) hereof shall be made directly to the party to receive the same without regard to the assignment of this Lease or the payments due hereunder pursuant to Section 16 hereof;

(d) The amount of any interest due in respect of the late payment of any amounts pursuant to Section 22.2 hereof shall be paid to the party and in the manner herein provided to receive any said amount; and

(e) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or the Security Trustee, in which case the Lessee shall reimburse the Lessor or the Security Trustee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and otherwise by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been provided in writing.

2.4. Adjustment of Rentals. In the event that (i) any Item of Equipment shall fail to be delivered and accepted under the Sublease on or prior to June 30, 1978, or (ii) the Equipment shall be purchased and settled for in accordance with the Participation Agreement other than by the payment on May 1, 1978 for 250 Items of Equipment and by the payment on May 31, 1978 for the remaining 250 Items of Equipment, in each case in accordance with the terms and provisions set forth in the Participation Agreement, or (iii) the Lessor shall be required to pay pursuant to Section 6 of the Participation Agreement any interest on the Notes accruing after August 15, 1978, then the Lessee and the Lessor agree that the installments of Fixed Rental and the Casualty Values and Early Termination Values (as defined in Section 11 hereof) shall be adjusted in an amount as shall be necessary to cause the transaction contemplated hereby to comply with paragraphs (1) and (6) of Section 4 of Revenue Procedure 75-21 and, in the reasonable opinion of the Lessor, cause the Lessor's net after-tax yield and after-tax cash flow (computed on the same assumptions as utilized by the Lessor in originally evaluating this transaction) to equal the net after-tax yield and after-tax cash flow that would have been realized by the Lessor if none of the circumstances specified in clauses (i) through (iii) above had been present; provided, that the Fixed Rental, the Casualty Values and Early Termination Values, as so adjusted, with respect to any Item of Equipment shall in no event be reduced below amounts necessary to discharge that portion of the principal of and/or interest on the Notes due and payable on each Fixed Rental payment date under this Lease.

2.5. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee

shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor except as otherwise expressly provided herein, shall this Lease terminate, or the obligations of the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). To the extent permitted by applicable law, the Lessee hereby waives 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 the lease of any of the Items of Equipment except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery and acceptance thereof by the Sublessee of such Item of Equipment under the Sublease in accordance with the provisions of Section 1 hereof and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate upon the date occurring 15 years following the Term Lease Commencement Date provided for in Section 2.2 hereof.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

4.1. Retention of Title. The Lessor, as between the Lessor and the Lessee, shall and hereby does retain full legal title to the Equipment notwithstanding the delivery thereof to and the possession and use thereof by the Lessee.

4.2. Duty to Number and Mark Equipment. The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Owned by Westinghouse Leasing Corporation
and Subject to a Security Interest Recorded
with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend 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. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor and the Security Trustee by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

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

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE OWNER, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the

term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Item of Equipment. The Sublessee's delivery of a Certificate of Acceptance in accordance with the provisions of Section 1 hereof shall be conclusive evidence as between the Lessee and the Lessor that all Items of Equipment described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee) and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale, leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark

or copyright infringements, or (iv) as a result of claims for negligence or strict liability in tort.

The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee to the Lessor a residual value in the Equipment at the end of the term of this Lease or at the end of the first renewal term provided for in Section 18.2(a) hereof nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) with respect to the use and maintenance of each Item of Equipment subject to this Lease. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications at its own expense and title thereto shall be immediately vested in the Lessor.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, qualified for use in interchange. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written

authority and approval of the Lessor and any assignee pursuant to Section 16 hereof which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, and any other liens or charges which arise by virtue of claims against, through or under any party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which will not affect or endanger the title of the Lessor or the security interest of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. The Lessee will, at its sole expense, cause this Lease, the Sublease and the Security Agreement to be duly filed, registered or recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, re-register or re-record whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, any Item of Equipment to the

satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action.

10.2. Payment of State and Local Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee) (the "Indemnitees") for collection or other charges and will be free of expense to the Indemnitees with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax [and, to the extent that any respective Indemnitee receives credit therefor against its United States Federal income tax liability, any foreign income tax of such Indemnitee] payable by any respective Indemnitee in consequence of the receipt of payments provided herein and other than the aggregate of all net income or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which such Indemnitee has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided), assessments or license fees and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Agreement, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnitee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnitee, adversely affect the interest of any Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee

shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnitee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnitee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE AND EARLY TERMINATION.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any storage period hereunder and at its own cost and expense keep each Item of Equipment insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by railroad companies at not less than the full insurable value (actual replacement value less actual physical depreciation) thereof and in any event not less than the Casualty Value of such Item of Equipment as of the next following date of payment thereof and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$29,000,000 in the aggregate in any single occurrence. Any such property insurance may have deductible provisions to no greater extent than \$1,000,000 in the aggregate in any single occurrence, and any public liability insurance may have deductible provisions to no greater extent than \$2,000,000 in the aggregate in any single occurrence. All such insurance shall cover the interest of the Lessor, the Lessee and the Security Trustee in the Equipment or, as the case may be, shall protect the Lessor, the Lessee and the Security Trustee in respect of risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect to the Equipment shall be payable to the Lessee and the Lessor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder the Lessee shall cause the property insurance on the Equipment to provide that the

losses, if any, shall be payable (except as provided below) to the Security Trustee under a standard mortgage loss payable clause satisfactory to the Lessor, the Lessee and the Security Trustee. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation shall be given to the Lessor and the Security Trustee and that such insurance as to the interest of the Lessor or the Security Trustee therein shall not be invalidated by any act or neglect of the Lessor or the Lessee or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto or by the use or operation of the Equipment for purposes more hazardous than is permitted by such policy. No such policy shall require co-insurance. The Lessee shall be deemed to have complied with the requirement to maintain property insurance as above set forth if it shall maintain a blanket policy covering all of the Items of Equipment then subject to this Lease for an aggregate amount of not less than \$10,000,000 per occurrence, with deductible provisions to no greater extent than \$1,000,000 in the aggregate in any single occurrence, which policy may also insure all other rolling stock of the Sublessee so long as such blanket policy shall otherwise comply with the provisions of this Section 11.1. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor and the Security Trustee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease. The Lessee shall further furnish the Lessor and the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effective with insurance companies approved by the Lessor and the Security Trustee, which approval shall not be unreasonably withheld.

The proceeds of any property insurance received by the Lessor or the Security Trustee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing, restoring, or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the

possession of the Lessee pursuant to Section 13 or 15 hereof, or title or use thereof shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and any assignee thereof pursuant to Section 16 hereof in regard thereto (including, without limitation, the Security Trustee) and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. The Lessee, on the next succeeding Fixed Rental payment date following its knowledge of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Fixed Rental installment due on such payment date for such Item of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, so long as no Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence plus any requisition or condemnation payments or awards up to the Casualty Value attributable thereto and actually paid by the Lessee pursuant hereto plus the difference between the Casualty Value payable hereunder and the Casualty Value payable under the Sublease or any other Permitted Sublease and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price

(as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule B opposite such date of payment.

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of or title to any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession. If at the end of the then current term of this Lease any Item of Equipment is then owned or held by any governmental authority under the power of eminent domain or otherwise and this Lease shall not then be renewed pursuant to Section 18 hereof, from and after such date the Lessor shall be entitled to receive and retain for its own account all sums payable by such governmental authority as compensation for requisition or taking of possession.

11.9. Early Termination. Unless an Event of Default or other event which, with notice, demand and/or lapse of time, would constitute an Event of Default shall have occurred and be continuing hereunder, the Lessee shall be entitled, at its option, upon at least 90 days' prior written notice to the Lessor and the Security Trustee, to terminate this Lease on the due date of the sixth installment of Fixed Rental or on the due date of any installment of Fixed Rental thereafter if (i) the Sublease shall have been terminated due either to an Event of Default thereunder or in accordance with certain rights of the Sublessee to terminate the Sublease as provided therein, and (ii) the Lessee shall have made a good faith determination that all (but not less than all) of the Items of Equipment have become obsolete or otherwise uneconomical for use by the Lessee in its business, which notice shall be signed by the President or a Vice President of the Lessee and be accompanied by a resolution of the Board of Directors determining that such Items of Equipment have become obsolete or otherwise uneconomical for use by the Lessee in its business; provided, however, that such termination shall become effective only on a Fixed Rental payment

date specified in Section 2.3 hereof (hereinafter in this Section 11.9 called the "Termination Date"); provided that such termination shall not take effect unless the Lessee shall have fully complied with the succeeding paragraphs of this Section 11.9.

During the period from the giving of such notice to the Termination Date, the Lessee, as agent for the Lessor, shall use its best efforts to obtain bids for the purchase of all the Items of Equipment on an "as-is", "where-is" basis, and the Lessee shall certify to the Lessor in writing the amount of each bid received and the name and address of the person (who shall not be the Lessee or any person, firm or corporation affiliated with the Lessee) submitting such bid. An "affiliate" of the Lessee shall mean any person who possesses, directly or indirectly, the right to vote at least 10% of the voting securities of the Lessee, and any person who, directly or indirectly, controls or is controlled by or is under common control with the Lessee and "control" (including "controlled by" and "under common control with"), as used with respect to any person, shall mean the possession, directly or indirectly, of the power to direct or control the direction of the management and policies of such person, whether through the ownership of voting securities, by contract or otherwise. On the Termination Date, the Lessor shall, without recourse or warranty, sell the Items of Equipment for cash to whomsoever shall have submitted the highest bid therefor prior to the Termination Date, and thereupon the Lessee shall cause the Items of Equipment to be delivered to the Lessor (or directly to the purchaser thereof if so directed by the Lessor) in accordance with the terms of Section 13 hereof. If the sale of all Items of Equipment shall not occur on the Termination Date, the Lessee shall not cause such delivery of the Items of Equipment to the Lessor; and this Lease shall continue in full force and effect. The Lessor shall be under no duty to (but may) solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action in connection with any such sale other than as expressly provided in this Section 11.9.

The total sale price realized at any such sale of the Items of Equipment shall be retained by the Lessor and, in addition, the Lessee shall pay to the Lessor on the Termination Date the excess, if any, of (i) the Early Termination Value of the Items of Equipment, which shall be the percentage of the Purchase Price of the Items of Equipment set forth in Schedule C opposite the number which corresponds to the Termination Date, over (ii) the proceeds of such sale less all expenses incurred by the Lessor in connection with such sale or with the collection or distribution of such payment. The Lessee shall also be obligated to pay the Lessor on the Termination Date the installment of Fixed Rental due on such date plus any and all rentals and other sums due hereunder with respect to the Items of Equipment accrued and unpaid up to and including the Termination Date. In the event of such sale and compliance by the Lessee with all the provisions of this Section 11.9, the obligation of the Lessee to pay rental hereunder on all rental payment dates commencing after the Termination Date shall terminate.

Notwithstanding the above stated requirements in this Section 11.9 providing for the disposition and sale of the Equipment, if the Lessee shall terminate this Lease in accordance with this Section 11.9 and the Lessor shall at any time thereafter determine that it wishes to retain possession of the Equipment, then the Lessor may notify in writing the Lessee and the Security Trustee of its intention to retain the Equipment, the Lessor shall promptly thereafter pay the Security Trustee the full unpaid principal and accrued interest on all Notes then outstanding and upon such payment the Lessee shall be relieved of any obligation to pay to the Lessor any sum pursuant to paragraph three of this Section 11.9.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before the first May 1 which occurs more than four months following the date of this Lease and annually thereafter, the Lessee will furnish to the Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee) an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, and (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor and any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee and any Note Purchaser) each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Sublessee, or if the Sublease shall have been terminated, upon such other storage tracks as the Lessor may reasonably designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period equal to the period of storage required pursuant to Section 13 of the Sublease, or

if the Sublease shall have been terminated, not exceeding 90 days and transport the same at any time within such period to any reasonable place on any railroad lines operated by the Sublessee, or if the Sublease shall have been terminated, to a reasonable site within 500 miles of the place of storage, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the 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; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Equipment after the date of expiration of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the expiration of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental or Casualty Value or Early Termination Value provided in Section 2 or 11 hereof and such default shall continue for five days;

(b) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof;

(c) Any representation or warranty made (i) by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the

Security Trustee or any Note Purchaser pursuant to or in connection with this Lease or the Participation Agreement, or (ii) by the Guarantor in or pursuant to or in connection with the Guaranty Agreement executed by the Guarantor in respect of the obligations and liabilities under this Lease or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Security Trustee or any Note Purchaser pursuant to or in connection with this Lease, the Guaranty Agreement or the Participation Agreement proves untrue in any material respect as of the date of issuance or making thereof;

(d) Default shall be made in the observance or performance of any of the covenants and agreements of the Lessee contained in Section 11.1 of this Lease;

(e) Default shall be made in the observance or performance of any other of the covenants and agreements on the part of the Lessee contained herein or in the Participation Agreement and any such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee, specifying the default and demanding the same to be remedied;

(f) Any holder of Funded Debt (as defined below) of the Lessee or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(g) Default shall be made in the observance or performance of any of the covenants and agreements on the part of the Guarantor contained in the Guaranty Agreement or in the Participation Agreement and such default shall continue for thirty (30) days after written notice from the Lessor to the Lessee and the Guarantor specifying the default and demanding that the same be remedied;

(h) Any holder of Funded Debt (as defined below) of the Guarantor or United States Leasing Corporation ("USLC") or a trustee for such holder shall cause to be accelerated the payment thereof prior to its stated maturity or its regularly scheduled dates of payment, or any lessor or assignee thereof shall terminate or shall initiate appropriate proceedings to enforce any Capitalized Lease (as defined below), in each such case upon the happening of a default or event, and following such

giving of notice and/or the continuance of such period of time, if any, as shall permit such acceleration or termination or the initiation of such proceedings;

(i) The Lessee or the Guarantor or USLC becomes insolvent or bankrupt or admits in writing its inability to pay its debts as they may mature, or makes an assignment for the benefit of creditors or applies for or consents to the appointment of a trustee or receiver for the Lessee or the Guarantor or USLC or for the major part of its property;

(j) A trustee or receiver is appointed for the Lessee or the Guarantor or USLC or for the major part of its property and is not discharged within sixty (60) days after such appointment; or

(k) Any other proceedings shall be commenced by or against the Lessee or the Guarantor or USLC for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement or of USLC in respect of any of its Funded Debt or Capitalized Leases under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustment of such obligations of the Lessee, the Guarantor or USLC, as the case may be), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all such obligations of the Lessee, the Guarantor and/or USLC shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee, the Guarantor and/or USLC or for the property of the Lessee, the Guarantor and/or USLC in connection with any such proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 90 days after such proceedings shall have been commenced, whichever shall be earlier.

"Funded Debt" of the Lessee, the Guarantor or USLC, as the case may be, shall mean any indebtedness thereof for borrowed money, whether incurred, assumed or guaranteed, or indebtedness which has been incurred, assumed or guaranteed in connection with the acquisition of property or assets (including any deferred portion of the purchase price thereof) which in any case has an unpaid principal balance of

more than \$250,000 and has a stated maturity of (or is renewable or extendible at the option of the obligor for a period or periods extending) more than 12 months from its date of origin, including the current maturities thereof.

"Capitalized Lease" shall mean any lease of real or personal property by the Lessee, the Guarantor or USLC, as the case may be, as lessee, which as originally executed provides, or is amended to provide, for a term (including the initial term and any period for which such lease may be renewed or extended at the option of the lessor) of more than three years and which has an unexpired term of more than one year (including any such renewal or extension periods) and which provides for the payment by such lessee throughout the then remaining term of the lease of periodic rental installments aggregating more than \$250,000, whether or not such lease or the rentals thereunder are reflected in the balance sheet of said lessee, or any lease of real or personal property by any other party otherwise described above for which the Lessee or the Guarantor or USLC has assumed or guaranteed the obligations of the lessee thereunder.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, at its option, may:

(a) Proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof, including reasonable attorneys' fees; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors, assigns or sublessees, to use such Items for any purpose whatever, but the Lessor or such assignee, as the case may be, shall nevertheless have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the

Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor or such assignee as the case may be, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor or such assignee, as the case may be, reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 5.5% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess of any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor or such assignee, as the case may be, reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor or such assignee, as the case may be, shall have sold any Item of Equipment, such party, in lieu of collecting any amounts payable thereto by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay such party and the Lessee shall pay to such party, on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor or such assignee, as the case may be, shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental; and/or

(c) Direct the Sublessee under the Sublease or any sublessee under any other Permitted Sublease to pay all rentals and other amounts and render all performances due to the Lessee thereunder to the Lessor or such assignee, as the case may be, which direction shall be joined in by the Lessee.

For purposes of Section 14.2 above, the Fair Rental Value for any Item of Equipment shall be determined in the appraisal

arrangements specified in Section 18.2(b) hereof and the Fair Market Value for any Item of Equipment shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expenses to be borne by the Lessee; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Failure to Exercise Rights. The failure of the Lessor or such assignee, as the case may be, to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor and the Security Trustee, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof and indicating the intention or expectation of the Lessee as to the disposition thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate officer of the Lessee who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee) shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on the Sublessee's lines of railroad or, if the Sublease shall have been terminated, at such other reasonable storage place as the Lessor may designate or, in the absence of such designation, as the Lessee may select; provided that, in the event the Lessor shall designate storage tracks which are then unavailable either because such tracks are then being used to store equipment owned by a third party pursuant to a contractual obligation of the Lessee or the Sublessee to provide storage therefor or, in the case of the Sublessee, because the storage of the Items of Equipment on such tracks would materially impair the ability of the Sublessee to meet its obligations to perform services as a common carrier to the public, then the Lessee agrees to so store the Items of Equipment upon such other storage tracks as shall then be so available and nearest to such storage tracks designated by the Lessor;

(b) Permit the Lessor to store such Equipment in such reasonable storage place without charge for insurance, rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport the Equipment to any place on the lines of railroad operated by the Sublessee or, if the Sublease shall have been terminated, to a reasonable site within 500 miles of the place of storage, all as the Lessor may direct in writing.

All amounts earned in respect of the Equipment after the date of termination of this Lease, but not exceeding the rental, per diem, or other similar charge for equipment received therefor, shall belong to the Lessor or in the event this Lease has been assigned pursuant to Section 16 hereof, to such assignee, and, if received by the Lessee, shall be promptly turned over to the Lessor, or in the case of such assignment, to such assignee. In the event any Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease, the Lessee shall, in addition, pay to the Lessor or, in the case of such assignment, to such assignee for each day thereafter an amount equal to the amount, if any, by which the Fair Rental Value (determined in the manner provided in Section 18 hereof) for such Item of Equipment for each such day exceeds the amount, if any, received by the Lessor or such assignee (either directly or from the Lessee) for such day for such Item pursuant to the preceding sentence.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court

court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of the assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment, (ii) said assignee shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 22.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said

assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION; PRIORITY OF SECURITY AGREEMENT.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, the Lessee shall not, except to the extent permitted by the provisions of Section 17.2 hereof, assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession by Lessee; Permitted Subleases. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment; provided, however, that the Lessee shall not assign or permit the assignment of any Item of Equipment to service (including, without limitation, the regular operation and maintenance thereof) outside the continental United States. The Lessee further agrees that, anything in this Section 17.2 to the contrary notwithstanding, the use of the Equipment outside the continental United States shall be de minimus. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the sublease of any Item of Equipment in accordance with the provisions set forth below in this Section 17.2. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to sublease the Items of Equipment to (i) the Sublessee under the Sublease, (ii) such sublessees as the Lessee shall deem appropriate, so long as the term of any such sublease shall not exceed five years ("Unrestricted Subleases"), and (iii) such other sublessees under such terms of sublease as, in each case, shall have been approved in writing by the Lessor ("Restricted Subleases") (the Sublease, the Unrestricted Subleases and the Restricted Subleases being herein sometimes together called the "Permitted Subleases"); provided, however, that any such Permitted Sublease and the rights and interests of any sublessee thereunder shall in all events be subject and subordinate to this Lease and the rights and interests of the

Lessor and its respective successors and assigns hereunder and, in the case of subleases for a term of more than 90 days, shall confirm such subordination by a provision therein substantially in the form of Section 17.4 of the Sublease and such Permitted Sublease shall in all cases be for a term expiring not later than the end of the then current term of this Lease. So long as the Lessee shall not be in default under this Lease, each Item of Equipment may, under the terms of this Lease and pursuant to any such Permitted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all of the terms and conditions of this Lease.

17.3. Merger, Consolidation or Acquisition of Lessee.

Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the property of the Lessee, provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition of Properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTIONS.

18.1. Right of First Refusal. Provided that the Lessee is not in default hereunder, the Lessor shall not, at any time prior to the 181st day following the end of the term of this Lease or any renewal term hereof, sell, transfer or otherwise dispose of the Equipment (except pursuant to lease thereof) unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer, or offers, satisfactory to the Lessor in writing to purchase all or any portion of the Items of Equipment;

(b) the Lessor shall have given the Lessee and, so long as the Sublease shall not have expired or been terminated, the Sublessee, notice (i) setting forth in detail the identity of such purchaser, the proposed purchase price, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Items of Equipment to the Sublessee, or if the Sublessee does not

so exercise such right of purchase, to the Lessee upon the same terms and conditions as those set forth in such notice; and

(c) the Lessor shall not have received written notification from the Lessee or the Sublessee within 20 days following such notice of the election to purchase such Items of Equipment upon such terms and conditions.

The Sublessee is hereby agreed on the part of both the Lessor and the Lessee to be a third party beneficiary to the undertakings set forth in this Section 18.1.

18.2. Renewal Options. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for three renewal terms, the first such renewal to be for a term of two years and the two additional renewal terms thereafter to be for one year each, upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during such initial two year renewal term shall be the lesser of (i) an amount equal to 2.091175% of the Purchase Price of such Items of Equipment, or (ii) the Fair Rental Value (as hereinafter defined) of such Items of Equipment, and the Fixed Rental payable for each renewal term thereafter shall be an amount equal to the Fair Rental Value of such Items of Equipment. In the event the Lessee shall have renewed this Lease for all three such renewal terms, then thereafter the Lessee shall have the further option to renew and extend this Lease to all, but not less than all, of the Items of Equipment then leased hereunder for an unlimited number of additional renewal terms; provided that no such renewal may at any time be exercised, or any renewal thereafter otherwise herein provided, if the Lessor shall at any time reasonably determine that a material adverse change has occurred in the financial condition of the Lessee since the original execution and delivery of this Lease. The Fixed Rental payable for each such additional renewal term shall be the Fair Rental Value of such Items of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term; subject only to the right of the Lessee to cancel its election to renew not less than 180 days prior to the date of commencement of such renewal term as provided in

Section 18.1(b) hereof. The Lessee shall give the Lessor written notice of any such election at least 360 days prior to the commencement of any renewal term provided for in this Section 18.2.

(b) The Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 270 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 240 days prior to the date of commencement of the renewal term elected by the Lessee, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. If either the Lessor or Lessee shall fail to choose an appraiser within ten days of the commencement of said 270-day period, then any appraiser so appointed by the other such party shall be the "Appraiser". The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee; provided, however, that at any time during the appraisal procedure or following the determination of Fair Rental Value but in no event later than 180 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessee may cancel its election to renew this Lease by providing written notice to the Lessor of such cancellation prior to the commencement of said 180-day period. The expenses and fees of the Appraiser shall be borne by the Lessee.

18.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13 hereof.

18.4. Division of Sublease Rentals under Certain Circumstances. In the event the Lessee shall receive for any Item of Equipment any sublease rentals during the initial two year renewal term (whether from the Sublessee under the Sublease or from any other sublessee under any other Permitted Sublease) which are in excess of

a semiannual rental equal to 2.091175% of the Purchase Price of any Item of Equipment, then the Lessee agrees to pay to the Lessor promptly upon receipt thereof an amount equal to 50% of such excess.

SECTION 19. INTEREST ON OVERDUE RENTALS.

Anything to the contrary herein contained notwithstanding any nonpayment of rent due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 9.95% per annum (or the lawful rate, whichever is less) on the overdue rentals for the period of time during which they are overdue.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF PERMITTED SUBLEASES.

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of its right, title and interest which it has acquired or may have acquired under and pursuant to each and all Permitted Subleases as and only to the extent that the Permitted Subleases relate to the Equipment arising from, by virtue of, or in connection with, the Equipment, whether now existing or hereafter entered into, including, without limitation, the Equipment Sublease dated as of April 1, 1978 between the Lessee and William M. Gibbons, as Trustee for the Property of Chicago, Rock Island and Pacific Railroad Company and also in any and all extensions and renewals thereof or of any other Permitted Subleases as and only to the extent that the other Permitted Subleases relate to the Equipment, including the right to any and all sums and moneys payable to the Lessee pursuant thereto or to any other Permitted Subleases and any and all rights of the Lessee to receive said sums and moneys; provided, however, that:

(a) So long as the Lessee shall not be in default hereunder and the Sublessee shall not be in default under the Sublease (or if another Permitted Sublease shall then be in effect, so long as the lessee shall not be in default thereunder), then (i) the party to which Fixed Rentals are then payable pursuant to Section 2.3 hereof (the "Rental Payee") shall collect and receive all such sums and moneys as above provided, but so long as no installment of rental or other sum payable by the Lessee hereunder shall then be due and owing to the Rental Payee, the Rental Payee shall promptly pay and release such sums and moneys to or upon the order of the Lessee in such manner as the Lessee shall reasonably direct the Rental Payee in writing, and (ii) the Lessee shall be entitled to collect and receive all such sums and moneys under any Unrestricted Sublease, and (iii) the Lessee may consent to the amendment of any Unrestricted Sublease or waive its rights thereunder without the prior written consent of the Lessor or the Security Trustee;

(b) If the Sublessee shall be in default under the Sublease (or if a Restricted Sublease shall then be in effect, if the lessee shall be in default thereunder) but the Lessee shall not be in default under this Lease, then (i) the Rental Payee shall be entitled to collect and receive all such sums and moneys as above provided and to apply the same to the payment of any and all of the Lessee's obligations under this Lease and to hold or release the balance, if any, in the manner provided for funds in the next following clause, and (ii) the Lessee shall be entitled to take any action upon such default under the Sublease or Restricted Sublease as it shall deem appropriate and as to which the Lessor and the holders of all of the Notes then outstanding have given to the Lessee their prior written consent thereto and in the event the Lessee shall receive any sums and moneys as the result of such action, whether as a settlement or as liquidated or other damages otherwise, shall be promptly paid to the Rental Payee as collateral security for the obligations of the Lessee hereunder unless and until the Lessee shall provide such additional collateral security either in the form of Permitted Subleases or otherwise as the Lessor and the holders of all of the Notes then outstanding shall in their reasonable judgment deem to provide collateral security equivalent to that previously available to secure the obligations of the Lessee hereunder or until the Lessor and the holders of all of the Notes then outstanding shall determine in their reasonable judgment that no such additional collateral security need be provided, at which time the Rental Payee shall pay and release to or upon the order of the Lessee the balance of any such sums or moneys after applying the same to pay in full any obligations of the Lessee then due and owing hereunder, if any, and (iii) the Lessee may not consent to the amendment of the Sublease or any Permitted Sublease or waive its rights thereunder without the prior written consent of the Lessor and the holders of all of the Notes then outstanding; and

(c) If the lessee under an Unrestricted Sublease shall be in default thereunder, but the Lessee shall not be in default under this Lease, then (i) the Lessee shall be entitled to collect and receive all such sums and moneys and to take any action upon a default under any Unrestricted Sublease and to apply all such sums and moneys to the payment of any and all of the Lessee's obligations under this Lease, but no such sums and moneys shall be collected prior to the due date thereof, and (ii) the Lessee may consent to the amendment of any Unrestricted Sublease or waive its rights thereunder without the prior written consent of any party.

20.2. Further Assignment. The Lessee acknowledges and agrees that (i) all rights and interests of the Lessor pursuant to this Section 20 may be assigned by the Lessor to any assignee in accordance with Section 16 hereof, and (ii) the assignment provided for in this Section 20 shall not in any way obligate the Lessor or any of its successors or assigns to perform or satisfy any of the obligations or liabilities of the Lessee under any of such Permitted Subleases.

20.3. Power of Attorney. Subject to the limitations contained in this Section 20 (including without limitation the rights of the Lessee under clauses (i) and (ii) of Section 20.1 hereof), the Lessee hereby irrevocably constitutes and appoints the Lessor its true and lawful attorney with full power of substitution for it in its name and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all sums or properties which may be or become due, payable or distributable to and in respect of the interests assigned under this Section 20, with full power to settle, adjust or compromise any claim thereof or therefor as fully as the Lessee could itself do and to endorse the name of the Lessee on all commercial paper given in payment or part payment of and all documents of satisfaction, discharge or receipt required or requested in connection therewith and in its discretion, to file any claim, to take any other action or proceeding, either in its name or name of the Lessee or otherwise, which the Lessor may deem necessary or appropriate to collect or otherwise realize upon any and all interest assigned hereunder, or which may be necessary or appropriate to protect and preserve the right, title and interest of the Lessor in and to the interests assigned under this Section 20 and the security intended to be afforded hereby.

20.4. Rights under Uniform Commercial Code. Upon the occurrence of any Event of Default under this Lease, the Lessor shall, in addition to all other rights and remedies provided for herein, have in connection with the assignment provided for in this Section 20, all the rights of a secured party under the Uniform Commercial Code of California (regardless of whether such Code is the law of the jurisdiction where the rights or remedies are asserted).

20.5. Further Assurance. Without limiting the foregoing, the Lessee hereby further covenants that it will, upon the written request of the Lessor execute and deliver such further instruments and do and perform such other acts and things as the Lessor or its assigns may deem necessary or appropriate to effectively invest in and secure to the Lessor and its assigns the interests assigned pursuant to this Section 20 or other rights or interests due or hereafter to become due.

20.6. Application of Moneys. All distributions and payments to the Lessor shall be applied by the Lessor to the payment and reduction of the obligations and liabilities of the Lessee under this Lease and in accordance with the terms and provisions of the Security Agreement.

20.7. Duration. The satisfaction or discharge of any part of the obligations or liabilities of the Lessee under this Lease shall not in any way satisfy or discharge the assignment provided for in this Section 20, but such assignment shall remain in full force and effect so long as any amount remains unpaid on any such obligations or liabilities.

SECTION 21. PERFORMANCE BY PERMITTED SUBLESSEES.

Without limiting the responsibility of the Lessee to comply with its obligations provided herein or the responsibility of the Guarantor to perform the undertakings of the Lessee provided for herein in the event the Lessee shall fail to do so, it is hereby understood and agreed that in the event the Sublessee or any other sublessee under a Permitted Sublease shall perform one or more of the obligations of the Lessee provided for herein (other than any obligation of the Lessee to pay Fixed Rental, which obligation in each instance must be made by the Lessee or the Guarantor), such performance shall constitute compliance by the Lessee with such obligation and no Event of Default shall result from the full and complete performance of such obligation by the Sublessee or any other such sublessee in lieu of such performance by the Lessee.

SECTION 22. MISCELLANEOUS.

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: Westinghouse Leasing Corporation
Three Gateway Center
23rd Floor
Pittsburgh, Pennsylvania 15222
Attention: Manager, Lease Operations

Payments to the Lessor hereunder
to be made as follows:

c/o Mellon Bank
Mellon Square
Pittsburgh, Pennsylvania
Account No. 000-6592

If to the Lessee: United States Lease Financing, Inc.
633 Battery Street
San Francisco, California 94111
Attention: President

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 9.95% per annum.

22.3. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.4. Law Governing. This Lease shall be construed in accordance with the laws of the State of California; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.5. Notices, etc. to Security Trustee. Any provision in this Lease which shall require the giving of notice or the delivery of any report or other item to the Security Trustee or the obtaining from the Security Trustee or the holders of the Notes of any consent or waiver shall be void and of no further force and effect from and after the payment in full of the entire balance of principal and accrued interest on the Notes.

22.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

22.7. Severability. Any provision of this Lease which is prohibited or unenforceable in any jurisdiction shall be as to such jurisdiction 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 provisions in any other jurisdiction.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly

authorized and the corporate seals to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

UNITED STATES LEASE FINANCING, INC.

By *Raymond M. Christy*
Its _____

ATTEST:

Mark [Signature]
Secretary

[CORPORATE SEAL]

WESTINGHOUSE LEASING CORPORATION

By *[Signature]*
Its ASSISTANT SECRETARY

ATTEST:

[Signature]
Assistant Secretary

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 24 day of April, 1978, before me personally appeared Myron M. Christy, to me personally known, who being by me duly sworn, says that he is the Senior Vice President of UNITED STATES LEASE FINANCING, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]



Notary Public

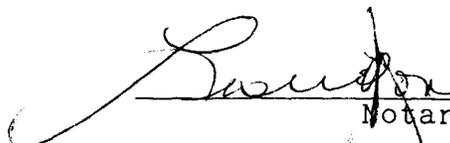
My commission expires:

NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES OCT 7 1981
ISSUED THRU ILLINOIS NOTARY ASSOC.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 27 day of April, 1978, before me personally appeared DW Peters, to me personally known, who being by me duly sworn, says that he is the Assistant Secretary of WESTINGHOUSE LEASING CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]



Notary Public

My commission expires:

NOTARY PUBLIC, STATE OF ILLINOIS
MY COMMISSION EXPIRES OCT 7 1981
ISSUED THRU ILLINOIS NOTARY ASSOC.

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: ACF Industries, Incorporated

Description and Mark and Number of Items of Equipment: 500 100-ton Covered Hopper Cars Marked and Numbered ROCK 800000 to ROCK 800499, both inclusive

Base Purchase Price of Equipment: \$ _____ per Item

Maximum Aggregate Purchase Price of Equipment: \$17,000,000

Place of Delivery: Covington or Lexington, Kentucky

Outside Delivery Date: December 31, 1978

(CRI Lease No. 6)

SCHEDULE A
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUES

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule B):

TABLE I

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	86.022
1	86.331
2	86.548
3	84.949
4	83.469
5	82.146
6	80.673
7	78.925
8	77.081
9	75.056
10	72.865
11	70.427
12	67.914
13	65.249
14	62.439
15	60.289
16	58.111
17	55.820
18	53.423
19	50.933
20	48.351
21	45.698
22	42.970
23	40.192
24	37.360
25	34.504
26	31.610
27	28.709
28	25.782
29	22.802
30 and thereafter during any storage period	20.000

(CRI Lease No. 6)

SCHEDULE B
(to Equipment Lease)

ANNEX 1 TO SCHEDULE B
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule B have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, the Casualty Value of any Item of Equipment suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	19.23077%
Fifth	12.82058%
Seventh	6.41019%

SCHEDULE OF EARLY TERMINATION VALUES

The Early Termination Value for an Item of Equipment payable on any Fixed Rental payment date shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule C):

TABLE I

<u>Number of Fixed Rental Payment Date on which Early Termination Value is Paid</u>	<u>Percentage of Purchase Price Payable as Early Termination Value</u>
6	80.673
7	78.925
8	77.081
9	75.056
10	72.865
11	70.427
12	67.914
13	65.249
14	62.439
15	60.289
16	58.111
17	55.820
18	53.423
19	50.933
20	48.351
21	45.698
22	42.970
23	40.192
24	37.360
25	34.504
26	31.610
27	28.709
28	25.782
29	22.802

(CRI Lease No. 6)

ANNEX 1 TO SCHEDULE C
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule C have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, the Early Termination Value of any Item of Equipment, in the event this lease is terminated pursuant to Section 11.9 hereof on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	19.23077%
Fifth	12.82058%
Seventh	6.41019%