

10247

RECORDATION NO. .... Filed 1425

CHICAGO AND NORTHWESTERN TRANSPORTATION COMPANY

APR 3 1979 - 12 05 PM

MAR 29 1979



9-093A 1960 STATE COMMERCE COMMISSION

BERNARD J. ALLEN  
DIANE KOHLER-RAUSCH  
JOAN A. SCHRAMM  
ASSISTANT SECRETARIES

File No.: A-10826

Interstate Commerce Commission  
Washington D.C. 20423  
Attention: Mr. H. Gordon Homme, Secretary

Date APR 03 1979  
Fee \$ 50.00

Gentlemen:

CC Washington, D. C.

Pursuant to Section 20c of the Interstate Commerce Act, as amended, attached for recordation are Counterpart Nos. 1 to 5 748, inclusive, of Lease Agreement dated as of February 22, 1979, covering lease by this Company of miscellaneous equipment.

The names and addresses of the parties to the transaction are as follows:

1. First Maryland Leasecorp.  
25 S. Charles Street  
Baltimore, Maryland 21203, Lessor.
2. Chicago and Northwestern Transportation Company  
400 W. Madison Street  
Chicago, Illinois 60606, Lessee.

Enclosed is our check for \$ 50.00 to cover your recording fee. Please return Counterpart Nos. 2 to 5, inclusive, showing your recordation data.

Very truly yours,

*Diane Kohler-Rausch*

Diane Kohler-Rausch  
Assistant Secretary  
DK:ps  
Enclosures

- cc: Michael T. Pyles  
Vice President  
First Maryland Leasecorp.  
25 S. Charles Street  
Baltimore, MD 21203  
R.L. Schardt  
R.D. Smith  
F.E. Cunningham, Attn: J. Labno\*  
R.F. Guenther, Attn: J. James\*  
D.E. Stockham, Attn: J. Voldseth\*  
M.W. Payette

- Leslie J. Polt  
Weinberg & Green  
10 Light Street, 19th Floor  
Baltimore, MD 21202  
Arthur Andersen & Co.,  
Attn: Gary Holdren\*

\* with copy of agreement

FEE OPERATION BR.  
I.C.C.

APR 3 12 05 PM '79

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*Cheney*  
*overhead*

**Interstate Commerce Commission**  
**Washington, D.C. 20423**

4/3/79

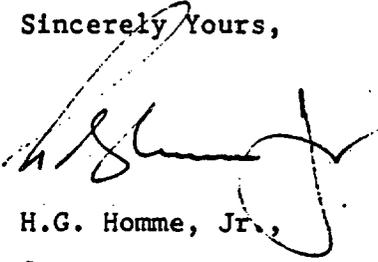
OFFICE OF THE SECRETARY

Diana Kohler-Rausch  
Chicago & North Western Transp. Co.  
400 W. Madison Street  
Chicago, Illinois 60606

Dear Madam:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 4/ 3/ 79 at 12:05pm and assigned recordation number(s) 10247

Sincerely Yours,



H.G. Homme, Jr.,

Secretary

Enclosure(s)

SE-30-T  
(2/78)

10247  
RECORDATION NO. .... Filed 1425

APR 3 1979 -12 05 PM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT  
dated as of February 22, 1979

by and between

FIRST MARYLAND LEASECORP,

as Lessor

and

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY,

as Lessee

TABLE OF CONTENTS TO EQUIPMENT LEASE AGREEMENT

	PAGE
Section 1. Certain Definitions.....	1
Section 2. Acceptance and Lease.....	3
Section 3. Rentals	
(a) Interim Rent.....	4
(b) Basic Rent.....	4
(c) Supplemental Rent.....	4
(d) Time, Place, and Manner of Payment of Rent..	4
(e) No Set-Off or Counterclaim by Lessee.....	5
Section 4. Term.....	5
Section 5. Representations and Warranties	
(a) Lessor's Warranties and Representations.....	5
(b) Lessee's Warranties and Representations.....	6
Section 6. Disposition of Units upon Expiration of Term	
(a) Return and Surrender of Units.....	9
(b) Lessee's Purchase Option.....	10
(c) Lessee's Renewal Option.....	10
Section 7. Liens.....	12
Section 8. Taxes	
(a) General Indemnity.....	12
(b) Special Indemnity.....	14
Section 9. Maintenance, Use and Operation.....	14
Section 10. Ownership and Marking of Equipment.....	15
Section 11. Replacement of Parts; Alterations; Modifications and Additions	
(a) Replacement of Parts.....	15
(b) Alterations, Modifications and Additions....	16
Section 12. Inspection, Records and Reports.....	17
Section 13. Loss, Destruction, Condemnation or Damage	
(a) Payment of Stipulated Loss Value.....	17
(b) Application of Payments Not Relating to an Event of Loss.....	17
(c) Application of Payments Relating to an Event of Loss.....	17

TABLE OF CONTENTS TO EQUIPMENT LEASE AGREEMENT  
(Continued)

	PAGE
Section 14. Insurance	
(a) Loss or Damage to Units.....	18
(b) Third Party Public Liability and Property Damage.....	19
(c) Reports, etc.....	19
Section 15. Affirmative Covenants	
(a) Books and Records.....	19
(b) Financial Statements and Reports.....	19
Section 16. Events of Default.....	20
Section 17. Remedies.....	22
Section 18. General Indemnification and Expenses.....	25
Section 19. Assignment or Sublease.....	27
Section 20. Lessor's Right to Perform for Lessee.....	28
Section 21. Recording.....	29
Section 22. Notices.....	29
Section 23. Conditions Precedent.....	29
Section 24. Miscellaneous.....	31

THIS EQUIPMENT LEASE AGREEMENT is dated as of February 22, 1979, by and between FIRST MARYLAND LEASECORP, a Maryland corporation (the "Lessor"), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, a Delaware corporation (the "Lessee");

W I T N E S S E T H:

Section 1. Certain Definitions. For all purposes of this Lease, the following terms shall have the following meanings (such definitions to be equally applicable both to the singular and the plural forms of the terms herein defined):

(a) "Basic Rent" with respect to any Unit shall mean the aggregate rent payable throughout the Term of the Lease for such Unit pursuant to Section 3(b) of this Lease and Paragraph 5 of the Lease Supplement for such Unit.

(b) "Basic Rent Payment Date" with respect to any Unit shall mean each date specified in the Lease Supplement for such Unit on which an installment of Basic Rent is due and payable with respect to such Unit.

(c) "Business Day" shall mean any day other than Saturday, Sunday, or holiday on which banks are authorized by law to close in the State of Maryland.

(d) "Certificate of Acceptance" with respect to any Unit shall mean a certificate of acceptance, substantially in the form of Exhibit A hereto, to be delivered to Lessor by Lessee's authorized representative or representatives, evidencing the acceptance of such Unit by Lessee on behalf of Lessor for all purposes of this Lease.

(e) "Code" shall mean the Internal Revenue Code of 1954, as amended from time to time.

(f) "Delivery Date" with respect to any Unit shall mean the date on which such Unit shall be delivered to and accepted by Lessee on behalf of Lessor and shall be placed into service by Lessee.

(g) "Equipment" shall mean all Units, collectively.

(h) "Events of Default" shall have the meaning specified in Section 16 hereof.

(i) "Events of Loss" with respect to any Unit shall mean any of the following events with respect to such Unit unless same is replaced pursuant to the provisions of Section 11(a) hereof: (i) loss of such Unit or of the use thereof due to theft, disappearance,

destruction, damage beyond repair or rendition of such Unit permanently unfit for normal use for any reason whatsoever; (ii) any damage to such Unit resulting in an insurance settlement with respect to such Unit on the basis of a total loss; (iii) the condemnation, nationalization, confiscation, prohibition of normal use, seizure of, or requisition of title to such Unit by any governmental authority, for an aggregate period of three (3) months or more; or (iv) at any time after the expiration of three (3) years of the Term with respect to Units having, in the aggregate, a Lessor's Cost of not less than \$250,000, a good faith determination by Lessee that such Equipment has suffered economic obsolescence or is surplus to Lessee's needs.

(j) "Immediately Available Funds" shall mean collected funds immediately available to the recipient thereof.

(k) "Interim Rent" shall have the meaning set forth in the applicable Lease Supplement for any Unit for which such Interim Rent shall be payable.

(l) "Lease Agreement", "this Lease Agreement", "this Lease", "this Agreement", "herein", "hereof", "hereunder", or other like terms shall mean this Lease of Equipment and (unless the context otherwise requires) shall include all Lease Supplements hereto and all amendments hereto from time to time entered into.

(m) "Lease Supplement" shall mean each of the Lease Supplements, substantially in the form of Exhibit B hereto, entered into between Lessor and Lessee for the purpose of (i) identifying the specific Units subject to this Lease and (ii) leasing such Units pursuant to the provisions of this Lease Agreement, all as provided in such Lease Supplements, each of which Lease Supplements shall incorporate by reference all of the provisions of this Lease Agreement.

(n) "Lessor's Cost" of a Unit of Equipment shall be the purchase price of such Unit paid or payable by Lessor pursuant to the invoices and/or bills of sale delivered to Lessor plus all shipping, assembly, storage and similar costs incurred in respect of such Unit, which such costs shall not exceed 5% of the base purchase price for such Unit.

(o) "Lien" or "Liens" shall mean any mortgage, pledge, lien, charge, encumbrance, security interest or claim of any kind.

(p) "Rent" shall mean and include Basic Rent, Interim Rent, and Supplemental Rent, collectively.

(q) "Stipulated Loss Value" for any Unit in respect of any Event of Loss which occurs on or after the Delivery Date thereof shall mean, with respect to any Basic Rent Payment Date for such Unit an amount determined by multiplying Lessor's Cost for such Unit by the percentage specified in Schedule B hereto opposite such Basic Rent Payment Date.

(r) "Supplemental Rent" shall mean any and all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or others, including Stipulated Loss Value payments and including Expenses as defined in Section 18 hereof, but excluding Basic Rent and Interim Rent.

(s) "Term" with respect to any Unit shall mean the period commencing on the Delivery Date thereof and expiring, unless earlier terminated pursuant to the provisions hereof, on the expiration date of the Term specified for such Unit in the Lease Supplement for such Unit.

(t) "Unit" or "Unit of Equipment" shall mean each separate unit of Equipment in Schedule A hereto.

(u) "Prime Rate" shall mean the lowest rate of interest on new 90-day unsecured loans to domestic corporate borrowers of substantial size and highest credit standing in effect at The First National Bank of Maryland from time to time.

## Section 2. Acceptance and Lease.

(a) Lessor hereby agrees to deliver and lease to Lessee hereunder, and Lessee hereby agrees to accept for purposes of this Lease and to lease from Lessor hereunder, Units of Equipment having an aggregate Lessor's Cost of \$6,000,000 (plus or minus 5% thereof), title to which is acquired by Lessor from the vendor or supplier thereof in accordance with Section 2(b) hereof, and in accordance with the following three sentences. Equipment delivered to and accepted by the Lessee on or before September 30, 1979 shall be designated "Group 1 Equipment". Any deliveries accepted after September 30, 1979 shall be designated "Group 2 Equipment"; any deliveries after September 30, 1979 will have the same basic lease term expiration date(s) as earlier delivered equipment and will be subject to an upward or downward rental rate adjustment so as to maintain the after-tax economic and accounting yields and cumulative cash flows utilizing the same assumptions (including tax rates) as used in originally evaluating and submitting the proposal with respect to this transaction (the "Net Return"). Lessor shall have no obligation to purchase any such Units after December 31, 1979. The delivery by Lessor of any Unit pursuant to this Lease and the acceptance thereof by Lessee for purposes of this Lease shall be evidenced by the execution by Lessor and Lessee of a Lease Supplement with respect to such Unit. Any delivery of a Unit by Lessor to Lessee referred to in this Section 2(a) shall be deemed to occur simultaneously with the delivery of such Unit to Lessee for the account of Lessor by the vendor or supplier thereof.

(b) On behalf of Lessor, Lessee will cause each Unit to be physically delivered by the vendor or supplier thereof to Lessee at such location(s) acceptable to Lessor which Lessee may reasonably direct. Lessee shall have the right, prior to delivery, to substitute any Unit of maintenance of way equipment for that described in Schedule A provided it is at least equal in useful life, utility, quality and residual value to that replaced.

(c) Lessor hereby authorizes one or more employees of Lessee to be designated by Lessee as the authorized representative or representatives of Lessor to inspect each Unit delivered to Lessee on the Delivery Date thereof and, if such Unit is found to be acceptable by such representative or representatives, to accept delivery of such Unit on behalf of Lessor and to execute and deliver to Lessor a Certificate of Acceptance in respect thereof, accompanied by an invoice from the vendor or supplier of such Unit setting forth the full purchase price payable therefor and a bill of sale executed by such vendor or supplier transferring full title of such Unit to Lessor. Lessee agrees that, in the event that delivery of any Unit shall be accepted by such representative or representatives pursuant to such authorization by Lessor, such acceptance of delivery on behalf of Lessor shall, without further act, irrevocably constitute acceptance by Lessee of such Unit for all purposes of this Lease.

### Section 3. Rentals.

(a) Interim Rent. Lessee hereby agrees to pay Lessor a single payment of Interim Rent in such amount and on such date as provided in the Lease Supplement for the Unit(s) with respect to which Interim Rent shall be payable.

(b) Basic Rent. Lessee agrees to pay Basic Rent to Lessor for each Unit computed on the basis set forth, in the number of installments provided, and on the dates provided, in the Lease Supplement for such Unit.

(c) Supplemental Rent. Lessee also agrees to pay to Lessor, or to whosoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of Lessee to pay any Supplemental Rent, Lessor shall have all rights, powers and remedies provided for herein or at law or equity or otherwise in the case of non-payment of Basic Rent. Lessee will also pay to Lessor, on demand, as Supplemental Rent, to the extent permitted by applicable law, interest at a rate which is 125% of the Prime Rate (computed on the basis of a 360-day year of twelve 30-day months for actual days elapsed) on any payment of Rent not paid when due for the period from and including the due date to and including the date of payment. Lessor shall make full payment of Lessor's Cost of each Unit on the Delivery Date therefore, directly to the vendor and other persons entitled to payment.

(d) Time, Place, and Manner of Payment of Rent. Except as otherwise provided herein, Lessee shall pay all Rent and any other amounts owing hereunder, at or before 12 o'clock noon Baltimore, Maryland local time, on the due dates thereof, in Immediately Available Funds to Lessor or to such other persons or at such other place in the United States of America as Lessor may from time to time designate in writing.

(e) No Set-Off or Counterclaim by Lessee. This Lease is a net lease, and Lessee's obligation to pay all Rent payable hereunder shall be absolute and unconditional and shall not be affected by any circumstance whatsoever, including, without limitation, (i) any set-off, counterclaim, recoupment, defense or other right which Lessee may have against Lessor, any vendor, supplier, manufacturer, contractor or builder of any of the Units or any predecessor or successor of any of the foregoing or anyone else for any reason whatsoever, (ii) any defect in the compliance with specifications, condition, merchantability, design, operation or fitness for use of any Unit, (iii) any defect in the title to, or the existence of any Liens or rights of others whatsoever with respect to, any Unit, (iv) any damage to, mechanical breakdown or failure or loss or destruction of any Unit, or any interruption or cessation in use or possession of any Unit by Lessee for any reason whatsoever and of whatever duration, (v) any insolvency, bankruptcy, reorganization or similar proceedings by or against Lessee, (vi) the invalidity or unenforceability of, or any other infirmity in, this Lease or any other document, instrument or agreement or any lack of power of Lessee or Lessor to enter into any of the foregoing, (vii) the breach or failure of any obligation, covenant, warranty, representation, undertaking, condition or other term of any document, instrument or agreement referred to in the foregoing clause (vi), or (viii) any other circumstances or happening whatsoever, similar in nature to any of the foregoing. Nothing contained herein shall be deemed to require the continuation of any payments of Basic Rent after the obligations to make such payments have ceased pursuant to the specific provisions hereof. To the extent permitted by applicable law, 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 this Lease except in accordance with the express terms hereof. Each Rent payment made by Lessee shall be final and Lessee will not seek to recover all or any part of such payment for any reason whatsoever; provided, however, that this Section 3(e) shall not constitute a waiver by Lessee of any rights to sue for damages or specific performance for breach of any obligations by any persons.

Section 4. Term. The Term for each Unit shall commence on the Delivery Date thereof and, unless earlier terminated, shall end on the expiration date of the Term specified in the Lease Supplement for such Unit.

Section 5. Representations and Warranties.

(a) Lessor's Warranties and Representations. AS BETWEEN LESSOR AND LESSEE, LESSEE TAKES THE EQUIPMENT AND EACH UNIT THEREOF

AS IS, AND LESSEE ACKNOWLEDGES THAT LESSOR IS NOT A MANUFACTURER OR VENDOR AND THAT LESSOR SHALL NOT BE DEEMED TO HAVE MADE ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO THE TITLE, COMPLIANCE WITH SPECIFICATIONS, CONDITION, MERCHANTABILITY, DESIGN, CONDITION, WORKMANSHIP, QUALITY, DURABILITY, OPERATION OR FITNESS FOR USE OR PURPOSE OF THE EQUIPMENT, OR ANY UNIT THEREOF, OR ANY COMPONENT PART THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY WHATSOEVER, EXPRESS OR IMPLIED, WITH RESPECT TO THE EQUIPMENT, OR ANY UNIT THEREOF, OR COMPONENT PART THEREOF OR OTHERWISE, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee. Unless and until an Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) shall have occurred and be continuing, Lessor hereby assigns and agrees to otherwise make available to Lessee such claims and rights as Lessor may have under any warranty made with respect to any Unit by any manufacturer, vendor or supplier thereof. Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between Lessee and Lessor that the Units described therein are in all the foregoing respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters.

Lessor warrants that it has not created and covenants that it will not create or permit to exist any Liens of whatsoever nature upon the Equipment as a result of claims against Lessor not related to its ownership of the Equipment. No breach of such warranty and covenant shall release or otherwise affect Lessee's obligation to pay Rent as provided in this Lease.

(b) Lessee's Warranties and Representations. Lessee hereby makes the following warranties and representations to Lessor:

(i) Lessee is a corporation duly incorporated, validly existing and in good standing under the laws of the state of its incorporation and is duly qualified to do business as a foreign corporation and is in good standing in all jurisdictions in which the conduct of its business or the ownership of its properties makes such qualification necessary, and it possesses full corporate power and authority to own its property and to conduct its business as now conducted and as presently proposed to be conducted and to own or hold under lease and operate its property and assets.

(ii) the execution, delivery and performance of this Lease has been duly authorized by all necessary corporate action on the part of Lessee, does not require any stockholder approval, or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee except such as have been duly obtained, and does and will not contravene any law, governmental rule, regulation or order binding on Lessee or any of its

subsidiaries or the Articles of Incorporation or by-laws of Lessee or any of its subsidiaries or contravene the provisions of, or constitute a default under, or result in the creation of any Lien (other than as permitted under this Lease) upon the property of Lessee under, any indenture, mortgage, contract or other agreement to which Lessee or any of its subsidiaries is a party or by which it or any of its subsidiaries may be bound or affected;

(iii) neither the execution and delivery by Lessee of this Lease, nor the performance by Lessee of its obligations hereunder, require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of, the Securities and Exchange Commission or (except for the filing with the Interstate Commerce Commission described in clause (iv) below) any other Federal, state or foreign governmental authority or agency except such as have already been given or obtained.

(iv) this Agreement and the Assignments will be duly filed and recorded with the Interstate Commerce Commission pursuant to Section 11303 of the Interstate Commerce Act. Such filings and recordings, will protect Lessor's interests in and to such Units of Equipment as constitute railroad cars or rolling stock, and no further filing or recording (or giving of notice) with any other Federal, state or local government is necessary in order to protect the interests of Lessor in and to such Units except that any permitted sublease hereafter executed and delivered by Lessee with respect to such Units, must be filed and recorded with the Interstate Commerce Commission in accordance with Section 11303 of the Interstate Commerce Act, as amended.

(v) This Agreement constitutes, and the Lease Supplements, when entered into, will each constitute, legal, valid and binding obligations of Lessee enforceable against Lessee in accordance with the terms thereof, subject only to the limitations of bankruptcy or insolvency laws affecting the rights of creditors generally.

(vi) there are no pending or threatened actions or proceedings before any court or administrative agency which, if determined adversely, would materially adversely affect the consolidated financial condition, business or operations of Lessee and its consolidated subsidiaries, or the ability of Lessee to perform its obligations under this Lease;

(vii) Lessee has filed or caused to be filed all Federal, state, local and foreign tax returns which are required to be filed and has paid or caused to be paid all taxes shown to be due and payable on such returns or (except to the extent being contested in good faith and for the payment of which adequate

reserves have been provided, and except for taxes, the non-payment of which will not materially and adversely affect the conduct of Lessee's business or its ability to perform its obligations under this Lease) on any assessment received by Lessee, to the extent that such taxes have become due and payable.

(viii) Lessee is not in default in the payment of principal of or interest on any indebtedness for borrowed money, or the payment of rent under any long-term rental obligation. Other than events or defaults which would not have a material adverse effect on Lessee's ability to perform its obligations hereunder, Lessee is not in default under any instruments or agreements covering or relating to any indebtedness for borrowed money or in default under the provisions of any long-term rental obligation under which Lessee is the lessee, and no event has occurred and is continuing under the provisions of any such instrument or agreement which, with the lapse of time or the giving of notice or both, would constitute an event of default thereunder.

(ix) Lessee has received no notice of any pending judicial or administrative proceeding which, in the opinion of Lessee, presents a substantial risk of prohibition from or material interference with the operation or use of any Unit of Equipment contemplated by Lessee, and there is no applicable law or governmental regulation which prohibits the operation or use of any Unit of Equipment contemplated by Lessee.

(x) Lessee's financial statement as of December 31, 1978, a copy of which has been furnished to Lessor, has been prepared in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding fiscal year and presents fairly the financial condition of Lessee and its consolidated subsidiaries as at the date thereof, and the results of their operations for the period then ended, and since such date there has been no material adverse change in its financial condition, except as set forth in Disclosure Exhibit I annexed hereto as "Exhibit D".

(c) Contemporaneous with the execution hereof, Lessee will deliver to Lessor the favorable written opinion of Lessee's counsel addressed to Lessor, in form and substance satisfactory to Lessor and its counsel as to the matters set forth in clauses (i), (ii), (iii), (iv), (v), (vi) and (ix), of the immediately preceding subsection 5(b), and such counsel shall also opine to the effect that: (i) the Lease (as supplemented by a Lease Supplement with respect to each Unit of Equipment) creates a valid leasehold interest in each such Unit of Equipment and, except as otherwise provided in Subsection 5(b)(iv) above, no action, including the filing or recording of any document, is necessary to establish and perfect Lessor's title to and interest in each such Unit of Equipment as against Lessee and any third parties, and (ii) such other matters incident to the transactions contemplated by this Agreement

as Lessor may reasonably request. Insofar as such opinion of counsel relates to the enforceability of any instrument, such opinion may be expressly subject to all applicable bankruptcy, insolvency, moratorium and other similar laws affecting the rights of creditors generally. In addition, such opinion may, as to factual matters, rely on certificates of officers of any corporation or partners of any partnership to the extent such counsel deems appropriate (which certificates shall be specified in such opinion).

Section 6. Disposition of Units upon Expiration of Term.

(a) Return and Surrender of Units. Upon the expiration of the Term of this Lease for any Unit, Lessee will, at Lessee's own cost and expense and at its own risk, return such Unit to Lessor pursuant to Lessor's instructions set forth under the heading Return of Equipment in the related Lease Supplement and in the condition in which such Unit is required to be maintained pursuant to Section 9 hereof. In the event repairs are necessary to restore such Unit to the condition required by Section 9 hereof, Lessee agrees to pay Basic Rent for the period of time beyond the expiration of the Term reasonably necessary to complete said repairs. Such Unit, upon redelivery pursuant hereto, shall be free and clear of all mortgages, liens, security interests, charges, encumbrances and claims whatsoever. Lessee shall permit Lessor to store such Unit at any suitable storage facility of Lessee for a period not to exceed one hundred fifty (150) days without risk, cost or expense to Lessor. In such event, Lessee shall transport the same or cause the same to be transported at its cost, expense and risk, if so directed by Lessor at any one time within such one hundred fifty (150) day period, for delivery to such place on Lessee's line as Lessor may specify. Prior to the expiration of the Term for any Unit and during any storage period as described above, Lessee will permit Lessor or cause Lessor to be permitted to inspect any Unit upon reasonable advance notice, either directly or through any person or persons designated by Lessor, including any authorized representative or representatives of any prospective purchaser or lessee of such Unit; provided, however, that Lessee shall not be liable, except in the case of negligence or intentional act of Lessee or any sublessee thereof or any of their respective agents and employees, for any injury to, or death of, any person exercising, either on behalf of Lessor or any prospective purchaser or lessee, the rights of inspection granted hereunder. The delivery, storage, and transporting of such Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction with respect thereto, Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee herein so to deliver, store or transport the Units.

(b) Lessee's Purchase Option. Provided that this Lease has not been earlier terminated pursuant to Section 13 hereof, and further provided that no Event of Default (or other event which after lapse of time or notice or both would become an Event of Default) has occurred or is continuing hereunder, and provided that Lessee has elected not to renew this Lease pursuant to Section 6(c) hereof, in the event the Lessor elects to sell any or all Units to third parties at (or as soon after as is practicable) the expiration of the Term or any renewal Term, the Lessee shall be given written notice of such intention not less than ninety (90) days prior to the expiration of the Term or any renewal Term. In the event that the Lessor shall receive a bona fide offer in writing from another party unrelated to the Lessee to purchase the Units and the Lessor determines to sell the Units pursuant to such offer, the Lessor shall give written notice to the Lessee of such offer. Such notice shall include the price and the terms and conditions of payment offered by the other party in writing to the Lessor. The Lessee shall have the sole right and option to purchase all such Units for cash at the price at which such Units are proposed to be sold or under the other terms and conditions of payment offered by the other party, as hereinafter provided. Within ten (10) Business Days of receipt of notice from the Lessor, the Lessee shall exercise such purchase right by delivery to the Lessor of a written notice specifying a date of purchase, which date shall not be later than the later of (i) fifteen (15) days after the date of delivery of such notice by the Lessee to the Lessor or (ii) thirty (30) days after the expiration of the Term of this Lease. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay Rent) shall, if necessary, be further extended upon the same terms and conditions set forth herein from the date such notice is delivered to the Lessor until the date of such purchase. In the event that the Lessee shall not have delivered a notice of its election to purchase the Units as set forth herein, Lessee's right to purchase the Units shall forthwith cease and Lessee shall be deemed to have not exercised its option to purchase the Units.

(c) Lessee's Renewal Option.

(i) Provided that this Lease has not been earlier terminated pursuant to Section 13 hereof and further provided that no Event of Default (or other event which after the lapse of time or notice or both would become an Event of Default) has occurred or is continuing hereunder, the Lessee may, by written notice delivered to the Lessor not less than one hundred eighty (180) days prior to the expiration of the Term with respect to one or more Units, elect to extend the Term of this Lease in respect of all but not less than all such Units for an additional period of one (1) year, commencing on the scheduled expiration of the Term, at a "Fair Market Rental" payable, in arrears, in quarterly payments on the

month and day such rentals were payable for the Units in each year of the original Term and in accordance with all the terms and conditions of this Lease; provided, however, that in no event shall the aggregate of all renewal terms pursuant to this Section 6(c) exceed two (2) years.

(ii) Fair Market Rental for any Unit shall be determined for each extended term of this Lease on the basis of, and shall be equal in amount to, the rental which would be obtained 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. In making such determination, there shall be excluded from the value of such Unit any Part incorporated into such Unit pursuant to Section 11(b) of this Lease which is removable by Lessee at the expiration of the Term with respect to such Unit in accordance with said Section 11(b).

(iii) If, after forty-five (45) days from the giving of notice by the Lessee of Lessee's election to extend the Term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is appointed within fifteen (15) days after such notice is given, each party shall appoint an independent appraiser within thirty (30) days after such notice is given, and the two appraisers so appointed shall within forty-five (45) days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within forty-five (45) days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the Fair Market Rental of the Units subject to the proposed extended term within ninety (90) days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of Fair Market Rental of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from that of the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the Fair Market Rental. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal

procedure shall be the exclusive means of determining Fair Market Rental and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne one-half by Lessee and one-half by Lessor, unless an Event of Default shall have occurred and be continuing in which case they shall be borne entirely by Lessee.

Section 7. Liens. Lessee will not directly or indirectly create, incur, assume or suffer or permit to exist any Lien on, or with respect to, any Unit, title thereto or any interest therein, except:

(i) the respective rights of Lessor or Lessee under this Lease;

(ii) Liens which would result from claims against Lessor not related to the ownership of the Units;

(iii) Liens for taxes either not yet due or being contested in good faith (and for the payment of which adequate reserves have been provided) and by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Unit or any interest therein; and

(iv) inchoate and non-possessory materialmen's, mechanics', workmen's, repairmen's, employees' or other like Liens arising in the ordinary course of business and securing obligations which are not delinquent, or which are being contested in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings by Lessee.

Lessee will promptly notify Lessor in writing of the existence of any Lien not excepted above, upon learning of same, and will promptly, at its own expense, cause any such Lien to be discharged, dismissed and removed, or fully bonded.

Section 8. Taxes.

(a) General Indemnity. Lessee agrees to pay as and when due and payable, and to indemnify and hold Lessor harmless from, all license and registration fees and all taxes, including without limitation, income, franchise, sales, use, personal property, real property, stamp, interest equalization or other taxes, assessments, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon) imposed against Lessor, Lessee or any Unit at anytime, by any Federal, state or local government or local taxing authority in the United States

of America or by any government, sub-division thereof, or taxing authority of any foreign county, upon or with respect to any Unit, or upon or with respect to the purchase, ownership, rehabilitation, delivery, leasing, sub-leasing, dedication, possession, use, operation, return or the disposition thereof, or upon the rentals, receipts or earnings arising therefrom or any other payments made by Lessee under this Lease, or upon the income or other proceeds received with respect to the Equipment or any Unit or upon or with respect to this Lease, unless, and only to the extent that, any such tax, fee or other charge is being contested by Lessee in good faith (and for the payment of which adequate reserves have been provided) by appropriate proceedings so long as such proceedings do not involve any danger of the sale, forfeiture or loss of any Unit or any interest therein. Lessee further agrees that, with respect to any payment or indemnity hereunder, such indemnities shall include any amount necessary to hold Lessor harmless on an after-tax basis (taking into account any reduction in taxes resulting from the deduction by Lessor of the liabilities or payments for which it is indemnified in this section 8(a)) from all taxes required to be paid by Lessor with respect to such payment or indemnity under the laws of any Federal, state or local government or taxing authority in the United States, or under the laws of any taxing authority or governmental sub-division of a foreign country. In the event any report or return is required to be made with respect to any such payment or indemnity under this Section 8(a) or arising hereunder, Lessee will either make such report or return, except income tax returns of Lessor, in such manner as will show the ownership of the Equipment in Lessor and upon reasonable request of Lessor send a copy of such report or return to Lessor, or will notify Lessor of such requirements and make such reports or return in such manner as shall be reasonably satisfactory to Lessor. All payments or indemnities under this Section 8(a) shall be payable, to the extent not theretofore paid, on written demand by Lessor accompanied by Lessor's furnishing reasonable evidence that such tax is then due and payable to a taxing authority. All indemnities contained in this Section 8(a) shall continue in full force and effect notwithstanding the expiration or other termination of the Term as to any or all of the Units and are expressly made for the benefit of and shall be enforceable by Lessor.

Provided, however, that there shall be excluded from the operation and effect of the foregoing paragraph taxes, fees or other charges on, based on or measured by the net income of Lessor, imposed by: (i) the United States of America, (ii) all other jurisdictions up to the sum of (A) the amount of such taxes, fees or other charges which would be payable to the State of Maryland and to any political subdivisions thereof if there were no apportionment to any other taxing jurisdiction, plus (B) the amount of such taxes, fees or other charges which are allowed as a credit against taxes, fees or other charges imposed by the United States of America

for the current or other prior period after taking into account any applicable limitation on the aggregate such credit and assuming that all other taxes, fees or other charges of Lessor for the same or prior periods which qualify for such credit are first allowed; (iii) any jurisdiction other than the State of Maryland in which Lessor is subject to taxes, fees or other charges as a result solely of business transactions unrelated to this Lease, and (iv) taxes, fees, or other charges on or based on or measured by any fees or compensation received by Lessor for services rendered in connection with the transactions contemplated hereby. Notwithstanding the foregoing exceptions to Lessee's indemnity obligation, Lessee agrees to pay any such taxes on or measured by Rent payable hereunder or the net income therefrom which are in substitution for or relieve Lessee from any tax which Lessee would otherwise be obligated to pay under the terms of this Section 8(a).

(b) Special Indemnity. There is hereby incorporated into this Lease the provision of any Lease Supplement - Tax Indemnification if identified with this Lease and executed by Lessor and Lessee in form and substance of Exhibit C to this Lease, attached hereto and incorporated herein by reference.

Section 9. Maintenance, Use and Operation. Lessee, at its own expense, shall maintain, service and repair the Equipment to the same extent as Lessee would, in the prudent management of its properties, maintain, service and repair similar equipment owned by Lessee, and in any event to the extent required to maintain the Equipment in as good operating condition as when delivered to Lessee hereunder, ordinary wear and tear excepted, and in compliance with any applicable requirements of law, of any foreign, federal, state or local governmental authority having jurisdiction and of the Association of American Railroads, if applicable. Lessee agrees that Equipment will be used solely for its designed and intended purposes and in the conduct of Lessee's lawful business, and that the Equipment will at all times be and remain in the actual or constructive control of Lessee. Lessee agrees that, without prior written consent of Lessor, the Equipment will not be removed from the continental United States of America. Lessee warrants that the Equipment will at all times be used and operated in compliance with the laws of the jurisdiction in which the Equipment may be operated, and in compliance with all lawful acts, rules and regulations and orders of any commissions, boards or other legislative, executive, judicial or administrative bodies or officers having power to regulate or supervise the use of such property; provided, however, that Lessee may in good faith and by appropriate proceedings contest the application of any such rule, regulation or order in any reasonable manner which will not adversely affect the title of Lessor to the Equipment or subject the same to forfeiture or sale.

Section 10. Ownership and Marking of Equipment. Lessee acknowledges and agrees that it has not, and by the execution hereof, it does not have or obtain, any title to the Equipment, nor any property right or interest therein, legal or equitable, except solely as Lessee hereunder and subject to all the terms hereof. Lessee covenants and agrees that at the request of Lessor, Lessee will cause each Unit (to the extent practicable, and to the extent not practicable then to each major component) to be plainly, permanently and conspicuously marked, by stenciling or by a metal tag or plate or decal affixed thereto, with the following legend:

"OWNERSHIP SUBJECT TO A SECURITY  
AGREEMENT FILED UNDER THE INTER-  
STATE COMMERCE ACT, SECTION 11303"

Lessee covenants and agrees to replace any such stenciling, tag or plate which may be removed or destroyed or become illegible. Lessee shall keep the Equipment free from any marking or labeling which might be interpreted as a claim of ownership thereof by Lessee or any party other than Lessor or its assigns.

Section 11. Replacement of Parts; Alterations; Modifications and Additions.

(a) Replacement of Parts. Lessee, at its own expense, and in order to maintain each Unit in the condition in which it is required to be maintained under this Lease, will promptly replace all parts, instruments, accessories, furnishings and other equipment of whatever nature (herein for the purpose of this Section 11 collectively called "Parts") which may from time to time be incorporated or installed in or attached to any Unit and which may from time to time become worn out, lost, stolen, destroyed, seized, confiscated, damaged beyond repair or permanently rendered unfit for use, unless by reason thereof such Unit has suffered an Event of Loss, provided, however, that in any event such replacement shall be made pursuant to the provisions of this Section 11(a) within ninety (90) days after the occurrence of any of the events hereinabove described. All replacement Parts shall be free and clear of all Liens except those permitted under Section 7 hereof, and shall be in as good operating condition as, and shall have a value and utility at least equal to, the Parts replaced, assuming for such purpose that such replaced Parts were in the condition and repair required to be maintained by the terms of Section 9 hereof.

All Parts at any time removed from any Unit shall remain the property of Lessor, no matter where located, until such time as replacement Parts meeting the requirements of the immediately preceding paragraph have been incorporated or installed in or attached to such Unit. Thereupon, without further act or notice:

(i) All of Lessor's right, title and interest in and to the removed Part shall vest in Lessee or its designee free and clear of all rights of Lessor and without recourse, warranty or representation on the part of Lessor (other than Lessor's warranty as to the absence of any defects in title arising out of any action or inaction of Lessor);

(ii) title to such replacement Part shall thereupon vest in Lessor; and

(iii) such replacement Part shall become subject to this Lease and be deemed a Part of such Unit for all purposes hereof to the same extent as the Parts originally incorporated or installed in such Unit.

Lessee will deliver to Lessor such documents as Lessor shall reasonably request to perfect and/or evidence title in Lessor in and to any replacement Part or units of equipment replacing Units.

(b) Alterations, Modifications and Additions. Lessee, at its own expense, shall make such alterations, modifications and additions (for the purpose of Section 11 hereof collectively called "Alterations") to any Unit as may be required from time to time to meet the requirements of law, rules or regulations of the Association of American Railroads or of any governmental authority having jurisdiction. In addition, Lessee, at its own expense, may from time to time make such Alterations to any Unit as Lessee may deem desirable in the proper conduct of its business; provided, however, that no such Alteration shall diminish the value or utility of such Unit below the value, utility and condition thereof immediately prior to such Alteration assuming for such purpose that such Unit was then in the condition in which it is required to be maintained by the terms of Section 9 hereof. Title to all Alterations incorporated or installed in or attached to any Unit shall without further act, vest in Lessor. Lessee will deliver to Lessor such documents as Lessor shall reasonably request to perfect and/or evidence title in and to such Alterations. Title to all Alterations to any Unit which are not deemed necessary to or an integral part of the ordinary operation of such Unit and which can be removed from such Unit without diminishing or impairing the value or utility which such Unit would have had in the absence of such Alterations, shall vest in Lessee upon becoming attached to such Unit subject to a continuing security interest in favor of Lessor to secure all of Lessee's obligations under this Lease. Lessee will deliver to Lessor such documents as Lessor shall reasonably request to perfect Lessor's security interest in such Alterations. At Lessor's request, Lessee, at its own expense and risk, shall promptly remove such Alterations prior to returning such Unit to Lessor. Any such Alterations which is not so removed by Lessee shall become, without further act, the property of Lessor at the end of the Term for such Unit, without any warranty or representation by Lessee.

Section 12. Inspection, Records and Reports. At all reasonable times Lessor or its authorized representatives may inspect the Equipment. Within 30 days after Lessor's request, Lessee will advise Lessor of the then current locations or points of assignment of the Equipment. Lessee will incorporate into the officer's certificate required under Section 15(b)(iii) to be delivered to Lessor with the year-end and the six-month financial statements accurate and current records regarding the condition and state of repair of the Equipment.

Section 13. Loss, Destruction, Condemnation or Damage.

(a) Payment of Stipulated Loss Value. If an Event of Loss with respect to any Unit occurs, Lessee shall give Lessor written notice thereof within thirty (30) days of such Event of Loss, which notice shall certify that the Event of Loss has occurred and that such Unit will not be operated thereafter by Lessee. Lessee shall pay to Lessor on the Basic Rent Payment Date next following the occurrence of such Event of Loss, the sum of (i) the installment(s) of Basic Rent due and payable on such Date and (ii) the Stipulated Loss Value for such Unit computed as of such Basic Rent Payment Date plus all incidental expenses incurred by Lessor in connection with such Event of Loss. Upon such payment, this Lease shall terminate in respect of such Unit and no further Basic Rent shall be payable for or in respect thereof but Lessee shall remain liable for any Rent due on or before the date of payment of such Stipulated Loss Value to the extent not then paid, and all remaining right, title and interest of Lessor, if any, in and to such Unit shall vest in Lessee (unless such Stipulated Loss Value is paid solely as a result of an Event of Loss described in Section 1 (i)(iv)).

(b) Application of Payments Not Relating to an Event of Loss. Subject to Section 24(d) of this Agreement any payments received at any time by Lessor from any governmental authority or other party (including condemnation insurance proceeds) with respect to any condemnation, confiscation, or seizure of, or requisition of title to or use of, any Unit not constituting an Event of Loss, will be paid over to and retained by Lessee.

(c) Application of Payments Relating to an Event of Loss. In case of all payments (other than insurance proceeds) received by Lessor or Lessee from any governmental authority or otherwise as compensation for an Event of Loss with respect to any Unit occurring on or after the Delivery Date thereof, so much of such payment as shall equal the sum of (i) the Stipulated Loss Value of such Unit required to be paid by Lessee as above provided and (ii) any Rent then due and owing by Lessee hereunder with respect to such Unit shall be applied, first, in reduction of Lessee's obligation to pay such Rent, if any, then due and owing and, second, in reduction of Lessee's obligation to pay such Stipulated Loss Value if not already paid by Lessee, or if already paid by Lessee and provided no Event

of Default (or any event which after lapse of time or the giving of notice or both would become an Event of Default) shall have occurred and be continuing, to reimburse Lessee for its payment of such Stipulated Loss Value; and the balance, if any, of such payments remaining thereafter shall be paid over to, or retained by, Lessor.

Section 14. Insurance.

(a) Loss or Damage to Units. Lessee will, without any cost or expense to Lessor, maintain or cause to be maintained in effect during the Term of this Lease, with insurers of recognized responsibility, insurance on each Unit against physical loss and damage by fire, explosion and such other risks, in coverage and amounts, and with such loss deductible amounts, as the Lessee would, in the prudent management of its properties and consistent with railroad industry general practices, maintain or cause to be maintained with respect to similar property owned or operated by Lessee. All such insurance shall provide for at least thirty (30) days prior written notice to Lessor of cancellation or reduction of coverage and shall name Lessor as owner of the Equipment as an additional insured and loss payee, as its interest may appear. At Lessor's request, Lessee will promptly make available to Lessor certificates or other evidence of insurance reasonably satisfactory to Lessor of Lessee's compliance with this Section 14(a).

With respect to proceeds received under such policies, it is agreed as between Lessor and Lessee that:

(i) In the case of all insurance proceeds received as the result of the occurrence of an Event of Loss with respect to any Unit occurring on or after the Delivery Date thereof, so much of such payments as shall equal the sum of (i) the Stipulated Loss Value of such Unit required to be paid by Lessee pursuant to Section 13 hereof and (ii) any other Rent then due and owing by Lessee hereunder with respect to such Unit shall be applied, first, in reduction of Lessee's obligation to pay such other Rent, if any, then due and owing and, second, in reduction of Lessee's obligation to pay such Stipulated Loss Value if not already paid by Lessee, or if already paid by Lessee to reimburse Lessee for its payment of such Stipulated Loss Value; and, subject to Section 24(d) of this Agreement, the balance, if any, of such payments remaining thereafter shall be paid over to, or retained by, Lessee; and,

(ii) Subject to Section 24(d) of this Agreement, the proceeds of any insurance for damage to any Unit not constituting an Event of Loss shall be applied in payment for the repair of such damage to the extent required to maintain such Unit in accordance with Section 9 hereof, if such repair shall not have already been paid for by Lessee, and any balance remaining after compliance with said Section 9 shall be paid over to, or retained by Lessee.

(b) Third Party Public Liability and Property Damage. Lessee will procure and maintain at its own expense during the Term of this Lease with respect to each Unit with insurers of recognized responsibility, bodily injury and third party property damage insurance for each Unit with liability limits and with such loss deductible amounts as the Lessee would in the prudent management of its properties and consistent with railroad industry general practices, maintain or cause to be maintained with respect to similar property owned or operated by Lessee. The policies for such insurance shall (i) name Lessor (as owner) and Lessee as insureds, as their respective interests may appear, (ii) provide that if the insurers cancel such insurance for any reason whatsoever, or the same is allowed to lapse for nonpayment of premiums, such cancellation or lapse shall not be effective as to Lessor for thirty (30) days after receipt by Lessor of written notice by the insurers to Lessor of such cancellation or lapse.

(c) Reports, etc. On or before the Delivery Date with respect to any Unit and thereafter upon the expiration date of each policy of such insurance, Lessee shall furnish to Lessor a certificate signed by a firm of independent insurance brokers, appointed by Lessee, showing the insurance then maintained by Lessee with respect to such Unit (and the expiration date of each policy of such insurance). In the event that Lessee shall fail to maintain insurance as herein provided, Lessor may at its option provide such insurance and, in such event, Lessee shall, upon demand, reimburse Lessor for the cost thereof, together with interest thereon pursuant to Section 20 hereof.

Section 15. Affirmative Covenants. Lessee covenants and agrees that from the date hereof until expiration of the Term and payment of all Rent hereunder, unless Lessor otherwise agrees in writing, it shall:

(a) Books and Records. Maintain and keep proper books of account and records in accordance with generally accepted accounting principles consistently applied.

(b) Financial Statements and Reports. Furnish to Lessor:

(i) as soon as practicable but in any event within ninety (90) days after the end of each fiscal year of Lessee, a consolidated balance sheet of Lessee and its subsidiaries as of the end of such fiscal year and related consolidated statements of income, shareholders' equity and changes in financial position of Lessee and its subsidiaries for such fiscal year, all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved and certified by independent certified public accountants selected by Lessee;

(ii) as soon as practicable but in any event not later than forty-five (45) days after the end of each of the first three quarterly periods of each fiscal year of the Lessee, a consolidated balance sheet of Lessee and its subsidiaries as of the end of such quarterly period and related consolidated statements of income, shareholders' equity and changes in financial position of Lessee and its subsidiaries for such quarterly period all in reasonable detail, prepared in accordance with generally accepted accounting principles applied on a basis consistently maintained throughout the period involved, and certified by the President or the Vice President-Finance of Lessee;

(iii) concurrently with the delivery of the financial statement referred to in clause (i) above and the statements referred to in clause (ii) above relating to the second quarterly period in each of Lessee's fiscal years, a certificate of the President or the Vice President-Finance of Lessee stating that a review of the activities of Lessee and its subsidiaries during the immediately preceding semi-annual period has been made under his supervision with a view to determining whether Lessee has observed, performed and fulfilled all of its obligations, covenants and agreements under this Lease and that Lessee has observed, performed and fulfilled each and every obligation, covenant and agreement contained in this Lease and such review has not disclosed the existence during such semi-annual period, nor does the signer have knowledge of the existence as of the date of such certificate, of any condition or event which constitute an Event of Default (of an event which, after lapse of time or giving of notice, or both, would constitute an Event of Default), or if any such default or event shall have occurred, specifying the same;

(iv) promptly after the same are available, copies of all press releases and of all regular and periodic reports mailed to stockholders or financial institutions, or which are filed by Lessee with the Securities and Exchange Commission; and

(v) promptly, from time to time, such other information regarding the operations, business affairs and financial condition of Lessee or any of its subsidiaries as Lessor may reasonably request.

Section 16. Events of Default. The following events shall constitute Events of Default (whether any such event shall be voluntary or involuntary or come about or be effected by operation of law or pursuant to or in compliance with any judgment, decree or order of any court or any order, rule or regulation of any administrative or governmental body):

(a) Lessee shall fail to make any payment of Rent within ten (10) days after the same shall have become due and payable;  
or

(b) Lessee shall fail to carry and maintain the insurance as required by Section 14 hereof; or

(c) Lessee shall make or permit any unauthorized assignment or transfer of its rights under this Lease or of possession of the Equipment or any Unit, which assignment or transfer is not revoked, rescinded or cancelled within fifteen (15) days thereafter; or

(d) Lessee shall fail to notify Lessor of any Event of Loss within thirty (30) days of such Event of Loss; or

(e) Lessee shall fail to perform or observe any other covenant, condition or agreement to be performed or observed by it hereunder, and such failure shall continue unremedied for a period of thirty (30) days after written notice thereof by Lessor; or

(f) Any representation or warranty made by Lessee hereunder or in any document or certificate to which Lessee is a party furnished to Lessor in connection herewith or pursuant hereto or thereto shall have been proven to be false, materially misleading, or incorrect when made; or

(g) Default shall occur in respect of any indebtedness (excepting from the operation and effect of this Section 16 (g) any financing with the Federal Railroad Administration, an agency of the United States Department of Transportation) exceeding \$20,000,000 in the aggregate of Lessee (i) under any agreement under which any such indebtedness may be issued or secured or (ii) under any other equipment lease under which Lessee is the lessee, and such default shall result in such indebtedness becoming or being declared due and payable or shall result in the lessor under such equipment lease electing to exercise the remedies provided therein for default, as the case may be; or

(h) (i) Except as otherwise provided in the remaining paragraphs of this Section 16(h), Lessee shall consent to the appointment of a receiver, trustee or liquidator of itself or of a substantial part of its property, or Lessee shall admit in writing its inability to pay its debts generally as they come due, or shall make a general assignment for the benefit of creditors; or an order, judgment or decree shall be entered in any proceeding by any court of competent jurisdiction appointing, without the consent of Lessee, a receiver, trustee or liquidator of Lessee or of any substantial part of its property, or sequestering any substantial part of the property of Lessee, and any such order, judgment or decree of appointment or sequestration shall remain in force undismissed, unstayed or unvacated for a period of sixty (60) days after the date of entry thereof; or

(ii) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may

hereafter be amended, whether pursuant to the Bankruptcy Reform Act of 1978 or subsequent amendments thereof, shall be filed by or against Lessee and, unless such petition 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 the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing, with the approval of the bankruptcy court, by a trustee or trustees appointed in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed and all conditions of 11 U.S.C. 1168(a) continue to be met; or

(iii) any other proceedings shall be commenced by or against Lessee for any relief which includes, or might result in, any modification of the obligations of Lessee hereunder, under any bankruptcy or insolvency (including, without limitation, any other chapter of the Bankruptcy Act as the same may be amended or recodified, from time to time), or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of Lessee hereunder or under the Consent), 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 the obligations of Lessee under this Lease shall not have been and shall not continue to have been duly assumed in writing with the approval of the bankruptcy court by a trustee or trustees or receiver or receivers appointed for Lessee or for the property of the Lessee in connection with any such proceedings within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier, in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers.

Section 17. Remedies. Upon the occurrence of any Event of Default, Lessor may, at its option, declare this Lease to be in default, and Lessor may do one or more of the following with respect to the Equipment or any Unit as Lessor in its sole discretion shall elect, to the extent permitted by, and subject to compliance with any mandatory requirements of, applicable law then in effect:

(a) Demand that Lessee, and Lessee shall upon the written demand of Lessor, promptly relinquish possession to Lessor of the Equipment or such Unit or Units as Lessor may demand, in the

manner and condition required by, and otherwise in accordance with all the provisions of, Section 6(a) hereof as if such Equipment or Unit or Units were being returned upon expiration of the Term of this Lease with respect thereto provided, however, that the one hundred fifty (150) day limit on storage and the requirement that the Units be returned on Lessee's line shall not be applicable;

(b) Without any requirement of advertisement, publication or advance notice to Lessee or any other person, sell the Equipment or any Unit or Units at public or private sale, as Lessor may determine, or otherwise dispose of, hold, use, operate, lease to others or keep idle such Equipment or such Unit or Units as Lessor in its sole discretion may determine, all free and clear of any rights of Lessee and/or of any rights of the holders of Liens on such Equipment or Unit or Units and without any duty to account to Lessee with respect to such action or inaction or for any proceeds with respect thereto;

(c) Whether or not Lessor shall have exercised, or shall thereafter at any time exercise, any of its rights under paragraph (a) or (b) above, Lessor, by written notice to Lessee specifying a payment date (herein called "Default Payment Date") may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor, on the Default Payment Date, as liquidated damages for loss of a bargain and not as a penalty, all unpaid Rent payable on or prior to such Default Payment Date with respect to such Unit or Units as to which Lessor is exercising its rights under this paragraph (c), plus (in lieu of the Basic Rent due on and after the Default Payment Date) whichever of the following amounts Lessor, in its sole discretion, shall specify in such notice (together with interest, to the extent permitted by applicable law, on such amount at the rate of 125% of the Prime Rate computed on the basis of a 360-day year of twelve 30-day months, from and including the Default Payment Date to and including the date of actual payment):

(i) an amount equal to the excess of the Stipulated Loss Value of such Unit or Units computed as of the Basic Rent Payment Date immediately preceding the Default Payment Date, over the fair market rental value (computed as hereafter provided in this Section 17) of such Unit or Units for the remainder of the Term hereof after discounting such fair market rental value monthly to present worth as of the Default Payment Date at the rate of 15% per annum; or

(ii) an amount equal to the excess, if any, of the Stipulated Loss Value of such Unit or Units computed as of the Basic Rent Payment date immediately preceding the Default Payment Date, over the fair market value of such Unit or Units (computed as hereafter provided in this Section 17) as of the Default Payment Date; or

(iii) an amount, with respect to each Unit, equal to (A) the excess of (y) the fair market value of such Unit or (Z) the present value of the entire unpaid balance of all Basic Rent for such Unit which would otherwise have accrued hereunder from the Basic Rent Payment Date last preceding the Default Payment Date to the end of the Term as to such Unit computed on the basis of a 9.50% per annum discount, compounded quarter-annually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated; over the fair market rental value of such Unit discounted to present value as provided in Section 17(c)(iii).

(d) If Lessor shall have sold the Equipment or any Unit or Units pursuant to paragraph (b) above, Lessor, in lieu of exercising its rights under paragraph (c) above, may demand that Lessee pay to Lessor, and Lessee shall pay to Lessor on demand, as liquidated damages for loss of a bargain and not as a penalty, with respect to such Equipment or Unit or Units any unpaid Rent accrued through the date of such sale plus the amount of any deficiency between the net proceeds of such sale and either (as Lessor may in its sole discretion elect) the Stipulated Loss Value, computed as of the Basic Rent Payment Date last preceding the date of such sale, or the fair market value as of such date, together with interest at the rate of 125% of the Prime Rate, or such other maximum amount permitted by applicable law, computed on the basis of a 360-day year of twelve 30-day months, on the amount of such deficiency from the date as of which such Stipulated Loss Value or fair market value, as the case may be, is computed until the date of actual payment; and/or

(e) Terminate the Lease with respect to the Equipment or any Unit or Units and may exercise any other rights or remedies which may be available to it under applicable law and proceed by appropriate proceedings at law or in equity, by summary proceedings or otherwise, to enforce the terms hereof, to recover damages for the breach hereof, to rescind this Lease, or to obtain any other available remedy. Termination of the Lease by Lessor pursuant to this paragraph (e) shall in no way be deemed a release or a waiver by Lessor of Lessee's obligation to pay the sums provided to be paid by Lessee under this Section 17.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of possession of any Unit to Lessor in accordance with Section 6 hereof or in placing any Unit in the condition required by said Section; all such fees, costs and expenses shall, at Lessor's direction, be repaid or reimbursed out of the first proceeds of disposition of Equipment.

For the purpose of paragraph (c) above (and for the purpose of any other Section of this Lease which may refer to this Section 17), the "fair market rental value" or the "fair market value" of any Unit shall be determined on the basis of an appraisal mutually agreed to by two independent appraisers, one chosen by Lessor and one chosen by Lessee, or, if such appraisers cannot agree on an appraisal, then on the basis of an appraisal by a third independent appraiser selected by the first two appraisers; provided, however, that if either party shall fail to choose an appraiser within (10) days after notice from the other party of the selection of its appraiser, then the appraisal by the appraiser chosen shall be determinative. Any appraiser appointed pursuant to the foregoing procedure shall make his determination within thirty (30) days after his appointment and shall be instructed to, and shall determine the fair market rental or the fair market value, as the case may be, of any Unit on the basis of an arm's length transaction between a willing buyer and a willing seller, or a willing lessor and a willing lessee, as the case may be, in either event of equipment comparable to the Unit being appraised (and upon the assumption that such comparable equipment is in the condition in which such Unit is required to be upon its return pursuant to Section 6 hereof), but without regard to the location of such Unit. Any such determination shall state that it is being rendered on the basis set forth above. The cost of any such appraisal shall be borne by Lessee.

At any public sale of any Unit pursuant to this Section 17, Lessor may bid for and purchase such Unit.

Except as otherwise expressly provided above no remedy referred to in this Section 17 is intended to be exclusive, but each shall be cumulative and in addition to any other remedy referred to above or otherwise available to Lessor at law or in equity; and the exercise, or the beginning of the exercise, by Lessor of any one or more of such remedies shall not preclude the simultaneous or later exercise by Lessor of any or all of such other remedies. No express or implied waiver by Lessor of any Event of Default shall in any way be, or be construed to be, a waiver of any future or subsequent Event of Default. To the extent permitted by applicable law, Lessee hereby waives any rights now or hereafter conferred by statute or otherwise which may require Lessor to sell, lease or otherwise use any Unit in mitigation of Lessor's damages as set forth in this Section 17 or which may otherwise limit or modify any of Lessor's rights and remedies in this Section 17.

#### Section 18. General Indemnification and Expenses.

(a) Lessee hereby agrees, whether or not any of the transactions contemplated by this Lease shall be consummated, to assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor, its successors, assigns, agents and servants, from and against any and all liabilities, obligations,

losses, damages, fines, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and expenses of whatsoever kind and nature (for the purposes of this Section 18 all collectively called "Claims"), imposed on, incurred by or asserted against Lessor, or any of its successors, assigns, agents or servants, (whether or not Lessor or any person indemnified hereby is also indemnified by any other person under any other document) in any way resulting from or caused by the breach or nonperformance of any of Lessee's covenants, undertakings or obligations contained in, or the failure or inaccuracy of any warranty or representation made by Lessee in, or in any other way related to or arising out of, this Lease, or any other document or instrument related to or contemplated by any of the foregoing, and any transaction or occurrence contemplated thereby or related thereto, including, but not limited to, the manufacture, construction, rehabilitation, purchase, acceptance, non-acceptance, rejection, ownership, delivery, non-delivery, lease, sublease, dedication, possession, use, operation, condition, sale, release, return or other disposition of any or all of the Units (including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee, and any claim for patent, trademark or copyright infringement); except only that Lessee shall not be required to indemnify Lessor, its successors, assigns, agents and servants for (i) Claims to be borne pursuant to the express provisions hereof by the party otherwise to be indemnified hereunder, (ii) Claims described in Section 8 hereof (except to the extent indemnification is provided for in said Section), or (iii) Claims resulting from the willful misconduct or gross negligence of the party otherwise to be indemnified hereunder. Any payment made by Lessee hereunder shall be in an amount which, after taking into account all taxes imposed upon the recipient thereof by reason of the receipt thereof under the laws of any taxing authority shall be equal to the amount which Lessee shall then be obligated to pay such recipient under this Section 18; provided, however, that any such reimbursement shall be reduced by any amount equal to the reduction in taxes resulting from the deduction by the indemnified person of the liabilities or payments with respect to which such reimbursement is made. If either party hereto shall have knowledge of any Claim hereby indemnified against, it shall give prompt written notice thereof to the other party, but the failure on the the part of any person to give prompt written notice to Lessee shall not release Lessee from its indemnity obligations under this Section 18. The indemnities contained in this Section 18 shall continue in full force and effect notwithstanding the expiration or other termination of this Lease Agreement, and, except as otherwise provided herein, are expressly made for the benefit of, and shall be enforceable by, Lessor, and its successors, assigns, servants and agents.

(b) Lessee shall have the right to require Lessor to contest any such Claims by written request to Lessor within thirty (30) days after notice of Claim, provided that Lessee agrees to pay on demand all reasonable expenses, including without limitation the

fees and disbursements of counsel, accountants and investigators for Lessor and Lessee, and any interest or penalties paid or incurred in connection with contesting such Claims. To the extent that Lessor in fact receives indemnification payments from Lessee under the indemnification provisions of this Section 18, Lessee shall be subrogated, to the extent of such indemnity paid, to Lessor's rights with respect to the transaction or event requiring or giving rise to such indemnity. Lessee agrees that Lessor shall not be liable to Lessee for any Claim caused directly or indirectly by the inadequacy of any Unit or Equipment for any purpose or any deficiency or defect therein or the use or maintenance thereof or any repairs, servicing or adjustments thereto or any delay in providing or failure to provide any thereof or any interruption or loss of service or use thereof or any loss of business, all of which shall be the risk and responsibility of Lessee.

Section 19. Assignment or Sublease.

(a) Without the prior written consent of Lessor, Lessee will not assign any of its rights hereunder, or sublet or otherwise permit the Equipment or any Unit to be operated or used by, or in the possession of, anyone other than Lessee; provided, however, that if no Event of Default or event which with the giving of notice or passage of time or both would constitute an Event of Default shall have occurred and be continuing, Lessee, without Lessor's consent, may sublease any of the Units to any other company incorporated under the laws of any State of the United States of America or the District of Columbia for terms not to exceed six (6) months, including extensions and renewals thereof. Each such sublease shall expressly provide that it is subordinate to this Lease and the sublessee's rights thereunder are subject to all the terms and conditions hereof.

Nothing in this Section shall be deemed to restrict the right of Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have expressly assumed in writing the due and punctual payment and performance of all obligations hereunder of Lessee, which document shall be subject to Lessor's prior written consent to the form of such assignment or transfer) into or with which Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety.

No assignment, sublease, operation, use or possession by any third person referred to above, whether or not with Lessor's written consent, shall release Lessee from any of its obligations under this Lease.

(b) Lessor may at any time and from time to time, without the prior written consent of Lessee, assign this Lease and the rents and other sums at any time due and to become due or at any time

owing or payable, by Lessee to Lessor under any of the provisions of this Lease to any one or more banking or financial institutions having combined surplus and capital of at least \$50,000,000.00 and none of which have interlocking management or directorships with Lessee. Any such assignment shall be in respect of this Lease and/or the Rent and other sums due and to become due in respect of all, but not less than all, the Equipment, and may be either absolute or as collateral security for indebtedness of Lessor incurred in connection with the acquisition of the Equipment.

(c) No such assignee for collateral purposes under the immediately preceding Section 19(b) shall be obligated to perform any duty, covenant or condition required to be performed by Lessor under any of the terms hereof, but Lessee, by its execution hereof, acknowledges and agrees that notwithstanding any such assignment each and all such covenants, agreements, representations and warranties of Lessor shall survive any such assignment and shall be and remain the sole liability of Lessor and of every person, firm or corporation succeeding (by merger, consolidation, purchase of assets or otherwise) to all or substantially all of the business assets or goodwill of Lessor. Without limiting the foregoing, Lessee further acknowledges and agrees that from and after the receipt by Lessee of written notice of an assignment from Lessor or Assignee: (i) all sums which are the subject matter of the assignment shall be paid to the assignee thereof at the place of payment designated in the notice, and (ii) if such assignment was made for collateral purposes, the rights of any such assignee in and to such sums payable by Lessee under any provisions of this Lease shall be absolute and unconditional and shall not be subject to any abatement whatsoever, or to any defense, set-off, counterclaim or recoupment whatsoever by reason of any damage to or loss or destruction of the Equipment (except as otherwise provided in Section 13) or by reason of any defect in or failure of title of Lessor to the Equipment or any interruption from whatsoever cause in the use, operation or possession of the Equipment or by reason of any indebtedness or liability howsoever and whenever arising of Lessor to Lessee or to any other person, firm, corporation or governmental agency or taxing authority or for any other reason or by reason of any willful misconduct or gross negligence of Lessor.

(d) So long as no Event of Default under the terms of this Lease shall have occurred and be continuing, Lessee shall not be disturbed in its possession, use, management, operation and enjoyment of the Equipment or any Unit by virtue of any action taken with respect to any such collateral Assignment.

Section 20. Lessor's Right to Perform for Lessee.

If Lessee fails to make any payment of Supplemental Rent required to be made by it hereunder or fails to perform or comply with any of its agreements contained herein, Lessor may itself make such payment or perform or comply with such agreement, and the amount of such

payment and the amount of the expenses of Lessor incurred in connection with such payment for the performance of or compliance with such agreement, as the case may be, together with interest thereon, at the rate of 125% of the Prime Rate, or such other maximum amount permitted by applicable law, computed on the basis of a 360-day year of twelve 30-day months, shall be deemed Supplemental Rent, payable by Lessee to Lessor upon demand.

Section 21. Recording.

Promptly following the execution of this Lease and in any event prior to the delivery and acceptance hereunder of any Units, without expense to Lessor, Lessee, at the request of Lessor, will cause all UCC financing statements and all other documents and instruments which Lessor reasonably deems necessary to create and perfect any security interests in the Equipment in favor of any assignee of this Lease for collateral purposes to be filed in all necessary places as reasonably required by Lessor. At the written request of Lessor, Lessee will further duly file and record as aforesaid continuation statements with respect to all such UCC filings and re-file or re-record any of the foregoing as Lessor requests. Lessee will promptly furnish to Lessor certificates or other evidences of such filing and recording. In addition, the Lessee shall do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments reasonably requested by Lessor (including any instruments required by law) for the purpose of the proper protection (to the satisfaction of Lessor and its counsel) of its title to and interest in the Equipment or any Unit and its rights under this Lease or for the purpose of carrying out the intention of the Lease, including the filing of this Lease with the Interstate Commerce Commission. Lessee shall promptly furnish to Lessor evidences of any of the foregoing.

Section 22. Notices. All notices required to be given hereunder shall be in writing and shall be deemed to have been given when deposited in the United States mails, registered or certified postage prepaid, addressed as follows:

(a) If to Lessor, to it at: 25 South Charles Street, Baltimore, Maryland 21201, Attn: Michael T. Pyles, Vice President.

(b) If to Lessee, to it at: 400 West Madison Street, Chicago, Illinois 60606, Attn: Vice President - Finance, or to such other address as any such party shall designate by written notice given to the other such parties.

Section 23. Conditions Precedent. Lessor shall not be obligated to make payment for any Unit of Equipment to be leased hereunder unless on the Delivery Date for such Unit:

(a) All of Lessee's representations and warranties in

Section 5(b) of this Lease Agreement shall be true and correct as though made as of such date;

(b) No Event of Default or event which with the giving of notice or passage of time or both would be an Event of Default, shall have occurred or be continuing hereunder;

(c) There shall not have occurred any material adverse change in or damage to the business or financial condition of Lessee or any change which, in the reasonable opinion of Lessor, would impair the ability of Lessee to perform its obligations under this Lease, subsequent to the date of Lessee's most recently issued annual report to Shareholders;

(d) Lessee shall have furnished to Lessor, in form and substance satisfactory to Lessor, the following documents on or prior to the first Delivery Date of Units pursuant to Section 2 hereof:

(i) Resolutions of the Board of Directors of Lessee, certified by its Secretary or an Assistant Secretary, authorizing the lease of Equipment hereunder and the execution, delivery and performance by Lessee of this Lease Agreement;

(ii) An assignment of purchase agreements or purchase orders, pursuant to which Lessee assigns to Lessor all of Lessee's rights under its purchase agreements or purchase orders with each vendor or manufacturer of Units specified on a Lease Supplement hereto ("Assignments"); and

(iii) The opinion of Lessee's counsel required by Section 5(c) of this Agreement.

(e) Lessee shall have furnished to Lessor, in form and substance satisfactory to Lessor, the following on or prior to the first and each subsequent Delivery Date:

(i) Manufacturer's invoice and full warranty bill of sale covering the Units of Equipment for which such payment is requested;

(ii) A Certificate of Acceptance as required by Section 2(c) hereof; and

(iii) A certificate of the President or the Vice President-Finance of the Lessee dated such Delivery Date as to the accuracy of the matters set forth in Sections 23(a) and 23(b) hereof.

Section 24. Miscellaneous.

(a) Any provision of this Lease which is prohibited or unenforceable in any jurisdiction or in any application shall, as to such jurisdiction or application, be ineffective to the extent of such prohibition or unenforceability, without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in such jurisdiction or application shall not invalidate or render unenforceable such provision in any other jurisdiction or application which is severable from the invalid or unenforceable application. To the extent permitted by applicable law, Lessee hereby waives any provision of law which renders any provision hereof prohibited or unenforceable in any respect.

(b) This writing (including all Exhibits and Supplements annexed hereto) forms the entire agreement of lease between the parties, and no term or provision of this Lease may be changed, waived, discharged or terminated orally, but only by an instrument in writing signed by all parties hereto.

(c) All computations of interest and amounts equivalent to interest under this Lease shall be made on the basis of a 360-day year of twelve 30-day months, for actual days elapsed from and including the date such amount commenced to accrue to and including the date of actual payment.

(d) Payment of any amounts which may become payable by Lessor to Lessee, from time to time, pursuant to the provisions of the Lease, is subject to the implied condition precedent that no Event of Default (or any event which with lapse of time or giving of notice, or both, would become an Event of Default) shall then have occurred and be continuing. Such amounts shall not be paid to Lessee because of the existence of an Event of Default (or of any event which after lapse of time or the giving of notice or both would become an Event of Default) and shall be held by Lessor as security for all obligations of Lessee under this Lease, and either applied by Lessor to the satisfaction of such obligations, or paid to Lessee, as and when Lessor in the exercise of its discretion, may decide.

(e) Notwithstanding any provision hereof to the contrary, any payment of Rent due on a day which is not a Business Day shall be paid on the next preceding day which is a Business Day.

(f) All agreements, indemnities, covenants, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease.

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

(h) This Lease shall be binding upon and enforceable against the parties hereto and their respective successors and assigns, and shall in all respects be governed by and construed in accordance with, the laws of the State of Maryland, including all matters of construction, validity and performance. The parties hereby consent to the exclusive jurisdiction of the state and federal courts in Maryland for all disputes relating to the construction, interpretation, enforcement and performance of this Lease.

(i) This Lease may be executed simultaneously in two or more counterparts, each of which so executed shall be deemed to be an original against the party whose signature appears thereon, but all of which together shall constitute one and the same instrument.

(j) The single executed original of this Lease marked "Original" shall be the "Original" and all other counterparts hereof shall be marked and be "Duplicates." To the extent that this Lease constitutes chattel paper, as such term is defined in the Uniform Commercial Code as in effect in any applicable jurisdiction, no security interest in this Lease may be created through the transfer or possession of any counterpart other than the "Original".

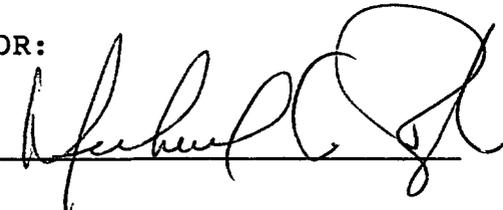
(k) Although this Lease is dated as of the date first above written for convenience, the actual dates of execution hereof by the parties hereto are respectively the dates set forth opposite the signatures hereto, and this Lease shall be effective on the latest of such dates.

IN WITNESS WHEREOF, Lessor and Lessee have each caused this Lease Agreement to be duly executed as of the day and year first above written.

FIRST MARYLAND LEASECORP,

LESSOR:

Date: April 2, 1979

By: 

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY,

LESSEE:

Date: MAR 29 1979

By: 

STATE OF MARYLAND )  
*City* )  
COUNTY OF *Baltimore* ) SS.

BEFORE ME, the Subscriber, a Notary Public in  
and for said County and State personally appeared *Michael*  
*G. Pyles*, *Vice President* of First  
Maryland Leasecorp, the corporation which executed the  
foregoing instrument, who acknowledged he did sign said  
instrument as such officer on behalf of said corporation,  
and by authority of its Board of Directors, and that the  
execution of said instrument is his free and voluntary  
act and deed individually and as such officer, and the free  
and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed  
my name and affixed my Notarial Seal this *2nd* day of  
March, 1979.  
*April*

*Bonnie A. Doss*  
Notary Public  
*My commission expires*  
*July 1, 1982.*

STATE OF ILLINOIS )  
 )  
COUNTY OF C O O K ) SS.

BEFORE ME, the Subscriber, a Notary Public in  
and for said County and State personally appeared John  
M. Butler, Vice President-Finance of Chicago and North  
Western Transportation Company, the corporation which  
executed the foregoing instrument, who acknowledged he did  
sign said instrument as such officer on behalf of said  
corporation, and by authority of its Board of Directors,  
and that the execution of said instrument is his free and  
voluntary act and deed individually and as such officer,  
and the free and voluntary act and deed of said corporation.

IN TESTIMONY WHEREOF, I have hereunto subscribed  
my name and affixed my Notarial Seal this *29* day of  
March, 1979.

*Lee Swiontek*  
Notary Public

LEE SWIONTEK  
Notary Public  
Cook Co. Illinois  
My Commission Expires Oct. 27, 1980

CERTIFICATE OF ACCEPTANCE NO. \_\_\_\_\_  
under

Equipment Lease Agreement dated as of February 22, 1979 (the "Lease") between FIRST MARYLAND LEASECORP (the "Lessor") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY as lessee (the "Lessee").

1. Items of Equipment

Lessee hereby certifies that the Equipment set forth and described in Schedule 1 hereto (which Schedule includes the amount of Lessor's Cost of each Unit of Equipment), has been delivered to Lessee and all necessary installation performed; that the Equipment was inspected by or on behalf of Lessee and found to be in good working order and condition, and in conformity with all express warranties and representations of the manufacturer or supplier and with all specifications provided by Lessee. Lessee hereby authorizes Lessor to pay the manufacturer or supplier of the Equipment as invoiced. Lessor has made no representations or warranties regarding performance, operation, quality, suitability or maintenance of the Equipment, including no warranties of MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, either express or implied. Lessee agrees to look solely to the manufacturer or supplier of the Equipment respecting any claims, servicing or warranties, and expressly confirms that its obligations under the Lease are absolute and unconditional. Lessee hereby accepts the described Equipment as Units of Equipment under the Lease for all purposes thereof, all on the date indicated below:

Location of  
Units of Equipment:

Delivery Date:

\_\_\_\_\_

\_\_\_\_\_  
"Lessee"

By: \_\_\_\_\_

Dated: \_\_\_\_\_

THIS CERTIFICATE IS TO BE SIGNED IMMEDIATELY AFTER INSPECTION AND MUST BE RECEIVED BY LESSOR WITHIN 72 HOURS AFTER DELIVERY AND INSTALLATION OF EQUIPMENT.

SCHEDULE 1 TO  
CERTIFICATE OF ACCEPTANCE NO. \_\_\_\_\_

Description of Equipment and Lessor's Cost:

<u>Quantity</u>	<u>Manufacturer or Seller</u>	<u>Description</u>	<u>Identification or Serial Number</u>	<u>New or Used</u>	<u>Lessor's Cost</u>
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Total Lessor's Cost \$ \_\_\_\_\_

LEASE SUPPLEMENT NO. \_\_\_\_\_

This LEASE SUPPLEMENT is dated \_\_\_\_\_, by and between FIRST MARYLAND LEASECORP, as lessor (herein called "Lessor"), and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY, as lessee (herein called "Lessee"):

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into a certain Equipment Lease Agreement dated as of February 22, 1979 (herein called the "Lease", the terms defined in the Lease being used herein with the same meanings), which Lease provides for the execution and delivery of one or more Lease Supplements substantially in the form hereof, for the purposes of identifying the specific Units of Equipment subject to the Lease and of leasing the same under and in accordance with the terms of the Lease as and when such Units are delivered by Lessor to Lessee in accordance with the terms hereof.

WHEREAS, the Lease relates to the specific Units of Equipment described herein.

NOW, THEREFORE, in consideration of the premises and intending to be legally bound hereby, Lessor hereby delivers the Units of Equipment described in Schedule 1 attached hereto, and Lessee hereby accepts said Units of Equipment from Lessor under the Lease, under the following terms and conditions:

1. Term: \_\_\_\_\_, commencing \_\_\_\_\_, 19 \_\_\_\_\_ and expiring \_\_\_\_\_, 19 \_\_\_\_\_.
2. First Basic Rent Payment Date:
3. Rent payable on \_\_\_\_\_ (the Basic Rent Payment Dates), all payable in arrears.
4. Interim Rent: .02639% of Lessor's Cost multiplied by the number of days from and including the Delivery Date to and including, and due and payable on, the Basic Lease Term Commencement Date.
5. Basic Rent:
6. Amount of Basic Rent payable on each Basic Rent Payment Date - \$ \_\_\_\_\_, or \_\_\_\_\_% of Lessor's Cost (the "Basic Lease Rate Factor"), plus applicable sales or use taxes.
7. Lessor or Lessee Options:
8. Stipulated Loss Value: As set forth in attached Schedule 2.

9. Delivery Date:
10. Basic Lease Term Commencement Date: September 29, 1979
11. Return of Equipment:

All the terms and provisions of the Lease are hereby incorporated by reference in this Lease Supplement to the same extent as if fully set forth herein.

Representations by the Lessee

Lessee hereby represents and warrants to Lessor, that on the Delivery Date with respect to each Unit of Equipment:

(a) the representations and warranties of the Lessee set forth in the Lease are true and correct in all material respects on and as of such date as though made on and as of such date;

(b) the Lessee has satisfied or complied with all requirements set forth in the Lease to be satisfied or complied with on or prior to such date;

(c) no Event of Default under the Lease or event which, with the giving of notice or the lapse of time, or both, would become such an Event of Default has occurred and is continuing; and

(d) Lessee has obtained, and there are in full force and effect, such insurance policies with respect to such Units of Equipment required to be obtained under the terms of the Lease.

This Lease Supplement has been delivered in the State of Maryland and shall in all respects be governed by, and construed in accordance with, the laws of the State of Maryland, including all matters of construction, validity, and performance.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed as of the day and year first set forth above.

LESSOR:

\_\_\_\_\_

By: \_\_\_\_\_  
As its:

LESSEE:

\_\_\_\_\_

By: \_\_\_\_\_  
As its:

SCHEDULE 1 TO  
LEASE SUPPLEMENT NO. \_\_\_\_\_

\_\_\_\_\_ The Units of Equipment referred to in Lease Supplement No.  
are described as follows:

<u>Quantity</u>	<u>Manufacturer or Seller</u>	<u>Description</u>	<u>Identification or Serial Number</u>	<u>New or Used</u>	<u>Lessor's Cost</u>
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Total Lessor's Cost \$ \_\_\_\_\_

SCHEDULE 2 TO  
LEASE SUPPLEMENT NO. \_\_\_\_\_

The Stipulated Loss Value of each Unit of Equipment shall be the percentage of Lessor's Cost of such Unit set forth opposite the applicable Basic Rent Payment Date.

Basic Rent Payment Date

Stipulated Loss Value

8

[etc.]

In the event that the Basic Lease Rate Factor is increased, pursuant to the tax indemnification provisions of the Lease, Stipulated Loss Values will be adjusted accordingly (calculated using the same method, as set forth in an economic analysis deposited with Lessor by or on behalf of Lessee as was utilized in originally evaluating the economics of this Lease, including, but not limited to, the calculation of Lessee's "yield" and after tax cash flow)

LEASE SUPPLEMENT - TAX INDEMNIFICATION

THIS LEASE SUPPLEMENT refers to and forms part of that EQUIPMENT LEASE AGREEMENT (the "Lease" ) dated as of February 22, 1979 between FIRST MARYLAND LEASECORP ("Lessor") and CHICAGO AND NORTH WESTERN TRANSPORTATION COMPANY ("Lessee"), the terms defined in the Lease being used herein with the same meanings.

1. This Lease has been entered into with the understanding that Lessor shall be entitled, among other benefits, to claim the following enumerated income tax deductions, credits and other benefits as are provided to an owner of property, (herein, the "Tax Benefits"):

(a) The Job Development Investment Credit ("Investment Credit") allowed by section 38 and related sections of the Internal Revenue Code of 1954, as amended ("Code"), in an amount equal to the full allowable percentage of the Lessor's Cost of each Unit of Equipment; and

(b) The deduction for accelerated depreciation ("Depreciation Deduction") on each Unit of Equipment under various sections of the Code based upon the Depreciable Life, Depreciation Method and Salvage Value set forth in Schedule 1 to this Lease Supplement;

2. Lessee hereby warrants and represents to Lessor:

(a) Each Unit will at all times during the Term of this Lease constitute "new section 38 property" within the meaning of sections 48(a) and 48(b) of the Code and, at all times of delivery of the Equipment to, and the acceptance of the Equipment by, Lessee hereunder, the Equipment will not have been placed in service by Lessee or any other person so as to preclude "the original use of such property" within the meaning of sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor;

(b) Each Unit of Equipment constitutes property the full Lessor's Cost for which qualifies for the Job Development Investment Credit under sections 38 and 50 of the Code.

(c) Neither Lessee nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns, reports or other documents inconsistent with the foregoing, and each of such corporations will file such returns and reports, take such actions, execute such documents, and maintain sufficient records as may be reasonable and necessary to facilitate accomplishment of the

foregoing. Upon request of Lessor, Lessee will provide to Lessor written reports verifying and establishing the compliance of Lessee with this Lease Supplement. Lessee agrees to furnish such documents, records and representations, including but not limited to, evidence by the Lessee of the estimated useful life and estimated residual value of each Unit of Equipment sufficient to support the matters set forth in Schedule 1 hereto, as shall be reasonably requested by Lessor and necessary and appropriate.

3. Lessee further agrees to maintain sufficient records to establish the extent to which the income from and deductions with respect to the Units of Equipment are derived from, or allocable to, sources within the United States of America and to furnish such records to Lessor within thirty (30) days after receipt of a written demand therefor.

4. (a) If, as to any Unit of Equipment (i) Lessor shall not have been entitled to any portion or all of the Investment Credit, on the date of delivery of a Unit of Equipment or (ii) Lessor shall lose, have recaptured or disallowed or be deemed not to be entitled to any portion or all of the Investment Credit with respect to the full Lessor's Cost of a Unit or Units of Equipment under any circumstances set forth in sub-section 4(c) below, then Lessee shall pay to Lessor, at the time or times set forth in Section 7 of this Lease Supplement, as Supplemental Rent, a sum which (after deduction of all taxes required to be paid by Lessor in respect of the receipt of such sum under the laws of any Federal, state or local government or taxing authority in the United States of America, or under the laws of any taxing authority or governmental subdivision of a foreign country) shall be equal to the sum of (1) the amount of the Investment Credit so lost, disallowed, recaptured or which Lessor failed to receive and (2) the amount of any interest (net of actual decrease in Federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to income tax because of underpayment of estimated tax, which may be assessed against Lessor in connection therewith.

(b) (i) If Lessor, for any taxable year (or portion thereof) during the Lease Term, shall as a direct result of the events or actions set forth in sub-section 4(c) below, lose the benefit of or the right of or the right to claim or there shall be disallowed or recaptured all or any portion of the Depreciation Deduction then, subject to the exceptions in sub-section 5(b) and the rights of Lessee and Lessor to contest such loss as set forth in Section 6, Lessee shall pay to Lessor on each Basic Rent Payment Date during the remaining Lease Term, as Supplemental Rent hereunder, an amount which will result, in Lessor's reasonable judgment, after due consultation with Lessee, in preserving for the Lessor the after-tax rate of return and annual after-tax cash flow that would have been realized by Lessor if such Loss had not occurred, based on

the rates of Federal, state and local taxes on, or measured by, the net income of Lessor from time to time but not more (nor less) than such after-tax rate of return and annual after-tax cash flow that would have been realized on the basis and assumptions (including, without limitation, income tax rates) used by Lessor in originally evaluating this transaction.

(ii) The amount of Rent resulting from any one loss shall be adjusted from time to time for each change in the Code, and the income tax regulations (including, without limitation, income tax rates) which affects Lessor's net after-tax rate of return and annual after-tax cash flow more than that contemplated by the Lessor in originally evaluating this transaction.

(iii) The amount of each payment of indemnity payable pursuant to this sub-section 4(b) with respect to loss shall (A) reflect the amount of interest, additions to income tax and penalties payable by Lessor with respect to such loss, and (B) reflect the amount of Federal, state and local taxes on, or measured by, the net income of Lessor, interest, additions to income tax and penalties incurred by Lessor as a result of the receipt of such indemnity payment.

(c) Lessee shall be required to pay Lessor the amounts provided for in sub-sections 4(a) and (b) above if the loss, recapture, failure to receive or disallowance shall result from the occurrence of any of the following events or causes:

(i) the "original use" of the Unit of Equipment being deemed to commence within the meaning of Section 167(c)(2) of the Code prior to acceptance by Lessor or the transfer to it of title to the Units of Equipment; or

(ii) any part of the Lessor's Cost of a Unit or Units of Equipment not being deemed part of the cost basis for the purpose of depreciating the Units on the date of delivery of such Units; or

(iii) any statement in any letter or document furnished to Lessor in connection with this transaction by Lessee (or any officer, agent or employee thereof) proving to be fraudulent, untrue, incorrect or inaccurate; or

(iv) any alteration or modification in or addition to the Units made by Lessee or by any sub-lessee or the Units; or

(v) any determination by the Internal Revenue Service that the transaction contemplated by this Lease was not effective to vest ownership of the Units in Lessor for purposes of claiming the Tax Benefits with respect thereto; or

(vi) the Units being "used by an organization, which is exempt from [Federal Income Tax]" within the meaning of Section 48(a)(4) of the Code, or "used by the United States, any state or political sub-division thereof, any international organization or any agency or instrumentality of any of the foregoing" within the meaning of Section 48(a)(5) of the Code; or

(vii) any other act or failure to act of Lessee whatsoever.

5. (a) Notwithstanding the provisions of Section 4 hereof, if for any reason (other than those set forth in sub-sections 4(c) and 5(b) hereof) including, without limitation, a change in or a modification of Federal income tax laws and regulations, the Tax Benefits or either of them, are lost or disallowed to Lessor by the Internal Revenue Service and consistent with or by reason of such loss or disallowance of Lessor, either or both of such Tax Benefits, in the reasonable opinion of Lessee, would have been allowable to and would result in realized tax benefits to Lessee if timely claimed for the year in which the Units were first placed in service and/or years subsequent thereto, Lessee shall be obligated to indemnify Lessor in the manner set forth in sub-sections 4(a) and (b) hereof.

(b) Lessee shall not be required to indemnify Lessor as provided for in sub-sections 4(a), 4(b) and 5(a) above with regard to either Tax Benefit if the loss, recapture, failure to receive or disallowance shall result from the occurrence of any of the following events or causes:

(i) Lessor shall fail to claim the Tax Benefits in its income tax returns for the appropriate years or shall fail to follow the proper procedures in claiming the Tax Benefits and such failure to claim or follow such procedures, as the case may be, shall preclude Lessor from claiming the Tax Benefits; or

(ii) Lessor shall not have sufficient income tax liability to benefit from the Tax Benefits; or

(iii) At any time when no Event of Default shall have occurred and be continuing, without the written consent of Lessee, Lessor shall voluntarily transfer legal title to such Units to any person, or Lessor shall dispose of or reduce its interest in such Units, and such transfer, disposition or reduction in interest shall be the direct cause of such loss; or any transfer or disposition by Lessor resulting from bankruptcy or other proceedings for relief

of debtors in which Lessor is the debtor, whether voluntary or involuntary, of any interest in the Units; or

(iv) Any change in the applicable corporate income tax law, regulations, or rulings effective on or after the date of delivery of a Unit of Equipment; or

(v) Lessee shall have paid to Lessor the Stipulated Loss Value for the Units pursuant to Section 13 of the Lease; or

(vi) Any loss resulting from Lessor's selection of a noncorporate form of property ownership, if Lessor so selects; or

(vii) Any participation in the residual value of any Unit at the end of the term of this Lease by any party other than Lessor: or

(viii) Any loss of any portion of the Depreciation Deduction resulting from changes in estimated Salvage Value for tax depreciation purposes; or

(ix) Any other action or omission of Lessor.

6. In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss as to Lessor of the Investment Credit or the Depreciation Deduction, or an increase in Lessor's income tax as a result of Capital Expenditures described in Section 10 as the case may be, Lessor hereby agrees to notify Lessee promptly of such claim; to forbear payment of the income tax claimed for at least thirty (30) days after the giving of such notice, to give Lessee any relevant information requested by Lessee relating to such claim which may be particularly within the knowledge of Lessor and, if Lessee shall within thirty (30) days after such notice request Lessor to contest such claim, then Lessor shall take such action in connection with contesting such claim as Lessee shall reasonably request in writing from time to time, but only if Lessee shall, contemporaneously with such initial request, have (a) made provision for Lessor's indemnification in a manner reasonably satisfactory to Lessor for any liability or loss which Lessor may from time to time incur as a result of contesting such claim and reimbursement for all costs and expenses, including (without limitation) reasonable legal fees and expenses which Lessor may incur in connection with contesting such claim and (b) furnished Lessor with an opinion of independent tax counsel, satisfactory to Lessor, to the effect that a reasonable basis exists to contest such claim; provided, however, that at any time after having received such request from Lessee, Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and

conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or in the United States Court of Claims, as Lessor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed. Subject to the foregoing provisions of this Section, Lessor agrees to consider in good faith any suggestions made by Lessee and Lessee's counsel in connection with any action taken by Lessor pursuant to this Section. If Lessor elects to pay the asserted deficiency and proceed by claim for refund, the provisions of sub-sections 4(a) and 4(b) shall become operative upon payment of such deficiency. If, however, a refund of all or any portion of such payment is obtained by Lessor, the Basic Rent or Basic Lease Rate Factor, as the case may be, applicable to the affected Unit shall, as soon as possible, be readjusted to its level immediately prior to the adjustment that was made to take into account payment of the deficiency, or, in the event of a partial refund, to the level necessary to account for the portion of the deficiency paid and not refunded. Lessor shall then remit to Lessee the amount by which Lessee's payments of Rent to Lessor were increased pursuant to sub-sections 4(a) or 4(b) (in excess of the increase, if any, appropriate pursuant to the preceding sentence), plus interest at the same rate as used to arrive at the adjustment to the rental rate when the provisions of sub-sections 4(a) and 4(b) became applicable.

7. A loss of Tax Benefits shall be deemed to occur and payment of tax indemnities under the provisions of sub-sections 4(a), 4(b), or any other provision of this Lease Supplement, shall commence upon the latest of (i) the payment by Lessor to the Internal Revenue Service of the income tax liability resulting from such loss, or (ii) any other adjustment of the income tax returns of Lessor as a result of a loss of Tax Benefits for which Lessee has indemnified Lessor, if Lessee consents to such adjustment (which consent shall not be unreasonably withheld).

8. References in this Section to Lessor shall be deemed to include any affiliated group of which Lessor is a part which files a consolidated return for Federal Income Tax purposes. All the indemnities contained in this Lease Supplement shall continue in full force and effect notwithstanding the expiration or other termination of the Lease as to any or all of the Units and are expressly made for the benefit of, and shall be enforceable by, Lessor, its successors and assigns.

9. Upon payment by Lessee of any indemnity pursuant to this Lease Supplement, the Stipulated Loss Value under the Lease shall be adjusted appropriately by agreement of Lessor and Lessee.

10. (a) In the event and to the extent that the cost of any improvement and/or addition, including without limitation thereto any Parts or Alterations, (hereinafter called Capital Expenditures) to a Unit made by Lessee, under and pursuant to the terms of this Lease or otherwise, is required to be included in the gross income of Lessor for Federal income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the Basic Rent for the Units set forth in §3 of the Lease (and the Stipulated Loss Value Schedule applicable thereto) shall, on the next succeeding Basic Rent Payment Date after the date on which Lessor has paid an increased income tax liability as a result of a Capital Expenditure, be increased to such amount or amounts as shall, in the reasonable opinion of Lessor, after taking into account any present or future tax benefits (determined on the assumption that Lessor will attempt to maximize such benefits) that Lessor reasonably anticipates it will derive from Lessor's additional investment in the Units by reason of said inclusion (including without limitation any current deductions and current and future depreciation deductions), cause Lessor's after-tax rate of return and annual after-tax cash flow (calculated on the same basis as used by Lessor in originally evaluating this transaction) to equal that which would have been realized by Lessor if the cost of such Capital Expenditures had not been includible in Lessor's gross income, which adjustment shall be implemented in a manner consistent with sub-sections 4(b)(ii) and (iii) of this Lease Supplement.

(b) For purposes of this Section 10 the cost of Capital Expenditures made by Lessee shall be deemed to be "required to be included in the gross income of Lessor for Federal income tax purposes" if such inclusion is required by the Internal Revenue Service, provided Lessee's rights of contest pursuant to Section 6 have been exercised.

(c) It is further agreed that Lessee may claim a deduction for Federal income tax purposes of any cost of Capital Expenditures which are required to be included in the gross income of Lessor for Federal income tax purposes.

(d) Lessee agrees that, with 30 days after the close of any calendar year (or in the event Lessor gives Lessee written notice that Lessor's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which Lessee has made Capital Expenditures which are or may be required to be included in the gross income of Lessor for Federal income tax purposes prior to the time such Unit is disposed of in a taxable transaction, Lessee will exercise reasonable efforts to give written notice thereof to Lessor describing such Capital Expenditures in reasonable detail and specifying the cost thereof with respect to each Unit.

11. If any amendment to the Code, Internal Revenue Service Regulations and tax rules is enacted or promulgated and made effective with respect to any Unit prior to the time Lessor becomes the owner of such Unit, and such amendment causes a change in the tax benefits contemplated by Lessor then the Basic Rent specified in §3 of this Lease (and the Stipulated Loss Value Schedule applicable to such Unit) shall be increased or decreased as necessary to preserve Lessor's net after-tax rate of return and annual after-tax cash flow (calculated on the same basis as was utilized by Lessor in originally evaluating this transaction) at the same level as if such tax benefits had not been changed.

CHICAGO AND NORTH WESTERN  
TRANSPORTATION COMPANY

\_\_\_\_\_  
as Lessee

By: X John M. Butler  
[Name and Title]  
John M. Butler  
Vice President-Finance

\_\_\_\_\_  
[Print Name and Title]

FIRST MARYLAND LEASECORP

\_\_\_\_\_  
as Lessor

By: Michael T. Pyles  
[Name and Title]

Michael T. Pyles v.p.  
[Print Name and Title]

Dated: April 2 - 1999

SCHEDULE 1

TO

LEASE SUPPLEMENT - TAX INDEMNIFICATION

relating to EQUIPMENT LEASE AGREEMENT dated as of FEBRUARY 22, 1979  
between FIRST MARYLAND LEASECORP, as Lessor and CHICAGO AND NORTH  
WESTERN TRANSPORTATION COMPANY, as Lessee:

1. Asset Depreciation Range (or depreciable life): 11 years
2. Asset Guideline Class No. (if applicable): 40-1, as described in Rev. Proc. 77-10, 1977-1 Cum. Bull. 548.
3. Method of Depreciation:
  - (a) Initially: 200% Declining Balance
  - (b) Switching to: Sum-of-the years digits, when most beneficial to Lessor.
4. Depreciation Convention: Half-Year, as provided in Treas. Reg. 1.167(a)-11(c)(2).
5. Job Development Investment Credit (Investment Tax Credit): 10%, for new property having a useful life of at least seven years with respect to the full Lessor's Cost of the Units pursuant to Section 38 and related Sections of the Internal Revenue Code.
6. Salvage Value: 10% of Lessor's Cost of the Units, which amount will be reduced by 10% of the Lessor's Cost as provided in Section 167(f) of the Internal Revenue Code.

<u>Description</u>	<u>Builder/Vendor</u>	<u>Quantity</u>	<u>System No. Assigned</u>	<u>Est. Cost Per Unit</u>
Truck Crane with 34" magnet	Transportation Products Chicago, Ill.	2	17-3116 17-3117	\$140,690 ✓
Gauging Machine	Rexnord, Inc. Milwaukee, Wisc.	1	17-3118	28,000
Dual Driver	Abex Corp. Chicago, Ill.	2	17-3119 17-3120	9,366
Ballast Kribber ✓	Kershaw Mfg. Co. Chicago, Ill.	1	17-3122	7,834
Pneuma- Tractor	Aggregate Equipment & Supply Company E. Peoria, Ill.	1	17-3123	42,700
Ballast Kribber	Railway Track-Work Co. Beth Ayres, Pa.	1	17-3124	16,635
Rail Anchor Applicator ✓	Racine Railroad Products, Inc. Racine, Wisc.	2	17-3125 17-3126	17,950
Tie Drill ✓	Rexnord, Inc. Milwaukee, Wisc.	2	17-3127 17-3128	7,510
Plate Placer	Rexnord, Inc. Milwaukee, Wisc.	4	17-3129 17-3130 17-3131 17-3132	4,600
Scarifier Inserter	Fairmont Railway Motors, Inc. Glen Ellyn, Ill.	1	17-3133	37,820
" ✓	"	2	17-3134 17-3135	"
Trailer	Ace-Chicago Great Dane Cicero, Ill.	4	19-1450 19-1451	10,567 "
Adzer	Rexnord, Inc. Milwaukee, Wisc.	2	17-3197 17-3198	19,400 "

<u>Description</u>	<u>Builder/Vendor</u>	<u>Quantity</u>	<u>System No. Assigned</u>	<u>Est. Cost Per Unit</u>
Yard Cleaner	Kershaw Mfg. Co. Chicago, Ill.	1	17-3136	\$150,656 ✓
Plate Placer	Rexnord, Inc. Milwaukee, Wisc.	2	17-3137 17-3138	4,600
Automatic Spike Setter Driver	Fairmont Railway Motors, Inc. Glen Ellyn, Ill.	2	17-3139 17-3140	60,803 ✓
Tie Shear	Fairmont Railway Motors, Inc. Glen Ellyn, Ill.	2	17-3141 17-3142	53,562 ✓
Speed Swing with 30" Magnets	Pettibone Corp. Chicago, Ill.	9	17-3143 17-3144 17-3145 17-3146 17-3147 17-3148 17-3149 17-3150 17-3151	93,171 " " " " 83,621 " " "
Ballast Regulator	Kershaw Mfg. Co. Chicago, Ill.	7	17-3152 17-3153 17-3154 17-3155 17-3156 17-3157 17-3158	50,681 ✓
Gauging Machine	Rexnord, Inc. Milwaukee, Wisc.	1	17-3159	28,000
Adzer	Rexnord, Inc. Milwaukee, Wisc.	1	17-3160	19,400
Dual Driver	Abex Corp. Chicago, Ill.	7	17-3161 17-3162 17-3163 17-3164 17-3165 17-3166 17-3167	\$ 10,604 " " 10,654 " " "
Anchor Applicator	Racine Railroad Products, Inc. Racine, Wisc.	6	17-3168 17-3169 17-3170 17-3171 17-3172 17-3173	17,950

<u>Description</u>	<u>Builder/Vendor</u>	<u>Quantity</u>	<u>System No. Assigned</u>	<u>Est. Cost Per Unit</u>
Spike Puller	Rexnord, Inc. Milwaukee, Wisc.	8	17-3174 17-3175 17-3176 17-3177 17-3178 17-3179 17-3180 17-3181	20,831 ✓
Switch Tamper	Canron Railgroup West Columbia, S.C.	3	17-3182 17-3183 17-3184	141,980
Switch Tamper	Jackson Vibrators, Inc. Chicago, Ill.	2	17-3185 17-3186	135,315
Switch Tamper	Jackson Vibrators, Inc. Chicago, Ill.	1	17-3187	63,050 ✓
Switch Tamper	Canron Railgroup West Columbia, S.C.	3	17-3188 17-3189 17-3190	89,626
✓ Tie Handler	Fairmont Railway Motors, Inc. Glen Ellyn, Ill.	3	17-3192 17-3193 17-3194	10,015
✓ Tie Handler	Fairmont Railway Motors, Inc. Glen Ellyn, Ill.	2	17-3195 17-3196	9,015
Tie Crane	Railway Track-Work Co. Beth Ayres, Pa.	2	17-3205 17-3206	26,335
Tie Crane	Kershaw Mfg. Co. Chicago, Ill.	3	17-3204 17-3207 17-3208	28,720 ✓
Pneuma- tractor	Aggregate Equipment & Supply Company East Peoria, Ill.	6	17-3209, 17-3210, 17-3211, 17-3212, 17-3213, 17-3214	28,990
Air Com- pressor	Portable Tool Riverdale, Ill.	3	17-3215 17-3216, 17-3217	8,050
Shoulder Ballast Cleaner	Kershaw Mfg. Co. Chicago, Ill.	1	17-3218	748,339