

RECORDATION NO. 8601- Filed & Recorded
DEC 8 1976
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8601-B Filed & Recorded
DEC 8 1976
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8601-D Filed & Recorded
DEC 8 1976
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RECORDATION NO. 8601-A Filed & Recorded
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RECORDATION NO. 8601-C Filed & Recorded
DEC 8 1976
INTERSTATE COMMERCE COMMISSION
December 6, 1976

Railroad Car Enterprises
11 Riggs Road
Hyattsville, Maryland

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Mr. Robert L. Oswald, Secretary
Interstate Commerce Commission
Washington, D. C. 20423

ICC Washington, D. C.

Dear Mr. Oswald:

Pursuant to the provisions of Section 20c of the Interstate Commerce Act, as amended, and the regulations of the Interstate Commerce Commission promulgated thereunder, we are transmitting for filing and recording executed counterparts or originals and true and correct copies of the following documents:

- (1) Lease Agreement dated as of December 6, 1976, between CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, Lessee, and RAILROAD CAR ENTERPRISES, Lessor;
- (2) Conditional Sales Contract dated as of December 6, 1976, between WHITEHEAD & KALES COMPANY, Seller and RAILROAD CAR ENTERPRISES, Buyer;
- (3) Assignment of Conditional Sales Contract dated as of December 6, 1976, by WHITEHEAD & KALES COMPANY, Assignor to Sun Life Insurance Company of America, Assignee, together with Assignee's acceptance of even date therewith.
- (4) Assignment of Lease, dated as of December 6, 1976, from RAILROAD CAR ENTERPRISES, Lessor to SUN LIFE INSURANCE COMPANY OF AMERICA, together with the Lessee's acknowledgement and consent dated as of December 6, 1976, by CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, Lessee.

*Corrected
James Bremer*

Mr. Robert L. Oswald, Secretary
December 6, 1976
Page Two

(5) Financing and Security Agreement, dated December 6, 1976, between SUN LIFE INSURANCE COMPANY OF AMERICA AND RAILROAD CAR ENTERPRISES;

The names and addresses of the parties to the transaction are listed below under the titles of the documents to which they are parties:

LEASE:

CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC
RAILROAD COMPANY (Lessee)
746 Union Station Building
516 West Jackson Boulevard
Chicago, Illinois 60606

RAILROAD CAR ENTERPRISES (Lessor)
7411 Riggs Road
Hyattsville, Maryland

CONDITIONAL SALES CONTRACT:

WHITEHEAD & KALES COMPANY (Seller)
58 Haltiner Street
Detroit, Michigan

RAILROAD CAR ENTERPRISES (Buyer)
7411 Riggs Road
Hyattsville, Maryland

LOAN AND FINANCING AND SECURITY AGREEMENT:

SUN LIFE INSURANCE COMPANY OF AMERICA (Lender)
20 South Charles Street
Baltimore, Maryland

Mr. Robert L. Oswald, Secretary
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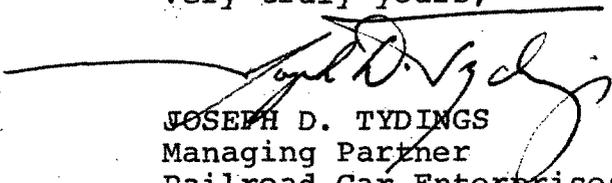
RAILROAD CAR ENTERPRISES (Borrower)
7411 Riggs Road
Hyattsville, Maryland

A general description of the equipment covered by the Lease and Conditional Sales Contract is contained in Exhibit A to this letter.

The above-identified documents have not heretofore been recorded with the Interstate Commerce Commission. Please accept for recordation two counterparts of each document, stamp the remaining counterparts with the appropriate recordation number and return them with your fee receipt and letter confirming receipt to my delivering messenger. Please cross-index documents number (2) above under the name of the CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY.

The filing and recordation fees in the amount of in respect of these documents are submitted herewith.

Very truly yours,



JOSEPH D. TYDINGS
Managing Partner
Railroad Car Enterprises

shk

Enclosures

RECORDATION NO. 8601-B Filed & Recorded
Nov 9 1979
INTERSTATE COMMERCE COMMISSION

LEASE AGREEMENT

AGREEMENT OF LEASE made as of ~~November~~ ^{December 6}, 1976 by and between RAILROAD CAR ENTERPRISES (hereinafter called Lessor), a general partnership organized and existing under the laws of the State of Maryland with offices at Hyattsville, Maryland, and CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY (hereinafter called Lessee), a Wisconsin corporation with offices in Chicago, Illinois.

W I T N E S S E T H :

WHEREAS, the Lessor has entered into a Conditional Sale Contract dated on or about this date (hereinafter called the Conditional Sale Contract) with WHITEHEAD & KALES COMPANY (hereinafter called the "Manufacturer") providing for the sale to Lessor of certain railroad car automobile racks;

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and of the mutual promises and covenants hereinafter mentioned to be kept and performed by the parties, Lessor hereby leases to the Lessee and Lessee hereby hires from the Lessor, the following described items: One hundred (100) tri-level Auto Racks for the term and at the rental and subject to the other terms and conditions hereinafter set forth:

1. Term. -- The term of this Lease (the "Term") shall begin on the date hereof and shall terminate at the date of the eighth annual anniversary of the date hereof, plus ten (10) days.

2. Lease. -- The Lessor hereby leases to Lessee, and Lessee hereby hires from Lessor, the railroad car automobile racks referred to above and more fully described in an attached schedule marked Exhibit A, made a part hereof (hereinafter collectively called the "auto racks" or, individually, an "auto rack").

3. Rent of Racks. -- Lessor is the conditional vendee from Manufacturer (hereinafter referred to as Manufacturer) of the above-described auto racks. These are the items to be leased by Lessor to Lessee under this Lease.

4. Appointment of Lessee as Agent; Limitation of Warranties. -- The Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney in fact for and in its name and behalf, but for the account of the Lessee, to make and to enforce, from time to time, at the Lessee's sole cost and expense, whatever claim or claims the Lessor may have against Manufacturer under the terms of the Conditional Sale Contract, and Lessor shall have no obligation to assert any such claims which Lessor may have against Manufacturer under the terms of the Conditional Sale Contract. Lessor, for its own account, makes no warranty or representation, either expressly or by implication, as to the fitness, design or condition of, or as to

the quality of the material or workmanship in the auto racks, or as to any other matter relating to the auto racks, it being agreed that all risks with respect to the auto racks are to be borne by the Lessee; provided, however, that Lessor does warrant that it has the lawful right to lease the racks, and Lessee's interest in and to the racks is free and clear of all claims, liens, security interests and encumbrances of any nature except only the rights of Manufacturer, or the Lender (as defined in Paragraph 26 hereof) as assignees of Manufacturer under the Conditional Sale Contract and of Lessor under this Lease and of Lessee under this Lease. The Lender shall have no responsibility or liability of any kind at any time for failure of any warranty made by Lessor.

5. Rental Payments. -- Lessee shall pay to Lessor at its address hereinabove mentioned or to any other designated payee a total rental of \$4,641,420.00, payable in thirty-two (32) quarterly installments, commencing three months and ten days after commencement of the Lease term, the first such payment to be \$152,775.00 and each successive quarterly installment payment to be \$144,795.00 subject to reduction pursuant to paragraphs 6 and 12 hereof; if the date on which any payment is to be made shall fall on a Saturday, Sunday or legal holiday, such payment shall be due on the next succeeding day that is not a Saturday, Sunday, or legal holiday.

6. Abatement of Rents. -- Lessee shall not be entitled to any abatement of rental or additional rental payments or reductions thereof, including, but not limited to, abatements or reductions due to any present or future claims of Lessee against Lessor or any assignee of the Lessor or against Manufacturer, or any assignee of the Manufacturer, nor shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in, damage to or destruction of the auto racks from whatever cause, the taking or requisition thereof by condemnation or otherwise, the lawful prohibition of Lessee's use by any private person or corporation, or for any other cause, whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rental payments and additional rental payments shall continue to be payable in all events, unless the obligations to pay such amounts shall be terminated, pursuant to the express provisions of Paragraph 12 of this Lease. Nothing contained in this Paragraph 6 shall constitute a waiver by Lessee of any claim for damages against Lessor for breach of Lessor's warranty contained in Paragraph 4 hereof, but in no instance shall Lessee have any right of set-off against the payments due hereunder.

7. Payment of Taxes, Assessments, etc. by Lessee. --

The Lessee, during the continuance of this Lease, in addition to the rental herein provided, promptly shall pay all taxes, assessments and other governmental charges levied or assessed upon the auto racks or the interest of the Lessee therein or in respect of the use or operation thereof, and will promptly pay or reimburse the Lessor for all taxes, assessments, penalties, interest and other governmental charges levied or assessed against Lessor imposed by any state, federal or local government on account of its ownership or lease of said auto racks or in respect of the use or operation thereof, exclusive, however, of any income taxes on the rentals herein provided; but the Lessee shall not be required to pay the same so long as it shall, in good faith and by appropriate legal or administrative proceedings, contest the validity or amount thereof, unless thereby, in the reasonable judgment of Lessor, the rights or interest of Lessor will be materially endangered and provided that Lessee shall indemnify and save harmless the Lessor from all costs and charges (including reasonable counsel fees) resulting from any such proceeding or from the failure of the Lessee to make such payments. Lessee shall give notice to Lessor of its intention to contest the validity or amount of any such tax, assessment or governmental charge at least ten (10) days prior to the date on which Lessee shall institute the appropriate legal or administrative proceedings.

Lessor shall give Lessee notice of any taxes, assessments, penalties, interest or other governmental charges levied or assessed by any state, federal, or local government on account of the ownership, use or operation of said auto racks. In the event any tax reports are required to be made on the basis of the auto racks, Lessee shall either make such reports, in such manner as to show ownership of said racks by Lessor or shall notify Lessor of such requirements and shall make such reports in such manner as shall be satisfactory to Lessor.

8. Indemnification by Lessee, etc. -- Lessee shall defend, indemnify and save harmless the Lessor against any loss, charge or claim made against Lessor and against any expense or liability (including reasonable attorney's fees) which Lessor may incur by reason of its ownership of the auto racks while they are subject to this Lease, in any manner, arising out of or as a result of the use or operation of such racks, and shall defend, indemnify and save harmless the Lessor against any claim or suit on account of any accident in connection with the operation of such racks resulting in death, damage or injury to any person, including employees of Lessee, and shall also defend, indemnify and hold Lessor harmless for any loss of or damages to property (including property of Lessee) arising out of and in any manner connected with the possession, use or operation of said auto racks while they are subject to this Lease.

This indemnity shall survive termination of this Lease.

At all times during the Term, Lessee shall maintain with respect to the auto racks personal injury and property damage insurance in the minimum amount of \$20,000,000.00 for personal injury and property damage in any one occurrence. Lessee shall have such insurance endorsed to protect Lessor as its interests may appear. All such insurance shall be in companies reasonably acceptable to Lessor and may include a deductible of up to and including \$2,000,000.00 as to each occurrence.

9. Replacements, etc. -- Lessee shall have the right, without cost or expense to Lessor, to make any replacement, change, substitute or addition of any equipment or appliance upon said auto racks, providing that no such replacement, change, substitution or addition shall decrease the value of such auto racks, but any parts installed or replacements made by Lessee upon auto racks shall be considered accessions to such auto racks and title thereto shall be immediately vested in Lessor.

Lessee warrants that the auto racks listed in the right-hand column of Exhibit A are installed respectively on the flat cars listed in the left-hand column of Exhibit A and shall not be removed prior to the end of Term, except with respect to any particular auto rack, upon compliance with Section 12 of the Lease, provided that the Lessee may install, at its expense, any auto racks on another flat car upon notification

to Lessor and Lender, delivery to Lessor and Lender of a list designating the serial number of the auto rack and the flat car to which it is attached, and a waiver by each holder of an interest in the flat car of any claim to any interest in the auto rack.

10. Repair and Maintenance. -- Lessor agrees that until the occurrence of a default by Lessee under the terms of clause (c) of Paragraph 19 of this Lease, Lessor will maintain and keep said auto racks in good order and repair, ordinary wear and tear excepted. However, Lessee agrees that during the period of any such repair, this Lease shall continue in full force and effect, notwithstanding that the racks are not operable during such period.

Upon the occurrence of any default by Lessee under the terms of Paragraph 19(c) of this Lease and at any time thereafter, Lessee automatically without requirement of execution of any additional instrument shall maintain and keep the auto racks in good order and repair, ordinary wear and tear excepted. Subject to the performance of such maintenance obligation to the reasonable satisfaction of Lessor, Lessor shall remit to Lessee, immediately following the making of each quarterly rent payment to Lessor, the sum of \$133 per quarter per rack, beginning with the quarterly period next following the period in which

Lessee undertakes such maintenance obligation. However, such obligation shall continue, and such payments shall be made, only so long as such default remains uncured.

11. Compliance With Rules, etc. -- Lessee agrees to comply with all requirements of the Association of American Railroads and with all governmental laws, rules, regulations and other governmental requirements to the extent that the same are applicable to the auto racks with respect to the use and operation of said auto racks subjected to this Lease; in case any auto racks are required to be changed or replaced or in case any additions or other equipment or appliances are required to be installed in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its cost and expense, and any parts so installed or replacements so made by Lessee shall be considered accessions to such auto racks and title thereto shall be immediately vested in Lessor.

12. Destruction, Etc. of Racks. -- In the event any of said auto racks are destroyed, stolen or, in the reasonable opinion of Lessee, damaged beyond economical repair, then this Lease shall terminate in respect of such auto racks on the last day of the month in which Lessee shall have given notice to Lessor of the occurrence of such event; and on the first day thereafter that rental hereunder is required to be paid, Lessee shall (after such event shall have occurred during the Term) pay to the Lessor an amount in cash equal to the present value

of the remaining rentals to be made under Paragraph 5 for such auto racks (such present value to be computed by discounting the remaining rentals at a rate of 7-1/2% per annum) together with an amount equal to 10% of the original cost thereof as shown in Schedule 1 attached hereto; upon the receipt of the payments required under this Paragraph 12 to be made by Lessee, Lessor shall not thereafter have any interest in any such auto racks or material salvageable therefrom. On termination, as used in this Paragraph 12, in respect of such an auto rack, in accordance with this Paragraph 12, the quarterly rent shall be reduced by \$1,447.95 for each such auto rack. When Lessee pays for a destroyed auto rack under this Paragraph, Lessor shall execute an appropriate assignment document to Lessee vesting title to such auto rack in Lessee.

13. Requisition of Auto Racks. -- In the event that the use of said auto racks shall be requisitioned or taken during the Term by any governmental authority under the power of eminent domain or otherwise or on any basis not involving the taking of title to the auto racks, such requisition or taking shall not terminate this Lease and each and every obligation of Lessee with regard thereto shall remain in full force and effect. The Lessee, so long as it shall not be in default under this Lease, shall be entitled during the Term to all payments made by such governmental authority as compensation for such requisition or taking; provided that if any

"compensation payments" are made to Lessee in advance of the portion of the period to which the compensation payments relate, at Lessor's option, the compensation payments shall be held by a financial institution designated by Lender to receive rent payments made pursuant to this Lease. In such event, the institution shall pay to Lessee the excess of the compensation payments over the total of all payments due to Lessor hereunder for the aforesaid period.

14. Inspection. -- The Lessor, by its authorized representatives, shall have the right to inspect the auto racks and equipment at such times as shall be reasonably necessary to confirm the existence and proper maintenance thereof.

15. Sublease, Assignment and Transfer, etc. -- So long as Lessee shall not be in default under this Lease, Lessee shall be entitled to possession and use of the auto racks in accordance with the terms of this Lease, on cars operated over tracks owned, leased or operated by Lessee, either alone or jointly with another, or over which Lessee has trackage or other operating rights, whether these be its own tracks or tracks over which it has operating rights or agreements but does not own, and also on tracks of other railroads in the usual interchange of traffic, so long as the auto racks are not physically removed beyond the continental

or discharge, of any claim against Lessee which, if unpaid, might become a lien or charge upon or against the auto racks; but this provision shall not require the payment of any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings unless thereby, in the reasonable judgement of Lessor, the rights or interests of Lessor will be materially endangered and provided that Lessee shall indemnify and save harmless the Lessor from all costs and charges, including reasonable counsel fees, resulting from any such proceeding or from the failure of Lessee to pay any such claims. Lessee shall give notice to Lessor of its intention to contest the validity of any such claim at least ten (10) days before the date on which Lessee shall institute the appropriate legal proceedings.

18. Assignment of Lessor's Interests. -- All rights of Lessor hereunder may be assigned and transferred by it, subject, however, in any case to the rights of Lessee hereunder. Lessee shall not assert against any assignee or transferee of Lessor's rights hereunder (by way of defense to any claim of such assignee made under this Lease) any defense, counter-claim, offset or recoupment of any kind, variety or nature which Lessee may have against Lessor whether arising under the Lease or otherwise.

19. Default. -- If during the Term, (a) Lessee shall default with respect to making any payments provided for in Paragraph 5 relating to rental or additional rental or shall fail to make any of the payments required to be made under Paragraphs 7, 8, 11 and 12, and such default continues

limits of the United States of America, except for incidental and temporary use in Canada. Without prior written consent of Lessor, Lessee shall not sublet, assign, transfer or encumber its leasehold interest under this Lease in the auto racks, nor shall Lessee part with possession and control of or suffer or allow to pass out of its possession and control, the auto racks, except to the extent that normal operating practice in connection with the use of the auto racks may require the temporary relinquishment of possession or control; provided that, nothing contained herein shall prohibit or restrict the right of the Lessee to assign or transfer all of its rights hereunder to any corporation which shall have duly assumed all of such obligations, into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, but in any event only if such corporation will not, upon the effectiveness of such assumption, merger, consolidation or acquisition be in default under any provisions of this Lease.

16. Discharge of Liability. -- Lessee's obligations and liabilities under this Lease shall only be relieved or discharged, other than by the payments prescribed herein, by a formal written release of Lessor to such an effect and not otherwise.

17. Liens. -- Lessee shall pay or cause to be paid or discharged, or make adequate provision for the satisfaction

for a period of seven (7) days after the default occurs, or (b) Lessee shall default in the observance or performance of any of the other covenants, conditions and agreements on the part of Lessee contained herein, and such default continues for thirty (30) days after notice in writing of such default without cure, or (c) any court of competent jurisdiction shall sign an order (i) adjudicating Lessee bankrupt, (ii) appointing a trustee or receiver of the auto racks or of a substantial part of the property of Lessee, or (iii) approving a petition for, or effecting, an arrangement or reorganization in bankruptcy, or any other judicial modification or alteration of the rights of Lessor or of other creditors of Lessee, or (d) if Lessee shall file any petition, consent to any action, or seek relief under any laws affecting creditor's rights or shall make ^{an} assignment for the benefit of creditors or shall admit in writing inability to pay debts generally as they become due, except as to subsections (c) and (d), unless all obligations of Lessee hereunder are assumed by such appointed trustee or receiver of Lessee within (60) days following occurrence of any event described in subsections (c) and (d), so that the Lease obligations shall have the same status as obligations incurred by such trustee or receiver, provided in any case that rental payments continue to be made on a timely basis; then, in any ^{such} case, Lessor, at its option, may (i) proceed by appropriate court action or actions, either at law or at equity, to enforce performance by Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof; or (ii) by notice in writing to Lessee, terminate this Lease, whereupon all rights of the Lessee to

the use of auto racks, the subject of this Lease, shall forthwith terminate, but Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of Lessee or other premises where said auto racks may be and take possession of said auto racks or require delivery as provided in Paragraph 21 of this Lease and thenceforth hold, possess and enjoy or sell, lease or otherwise deal with the same free from any right of Lessee, its successors or assigns to use said auto racks for any purpose whatever; but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid, including rentals or additional rentals accruing hereunder after the date of default and before termination and shall have the right to recover all costs of repossession and attorneys fees in connection with enforcement of this Lease; and Lessor may also recover forthwith from Lessee in cash, if the term has not expired, as damages for loss of the bargain and not as a penalty, a sum with respect to the auto racks which represents the excess of (x) the present value, at the time of such termination, of all rentals for said auto racks which would otherwise have accrued hereunder from the date of such termination to the end of the term over (y) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the use of the racks during such period, such present value to be computed in each case on the basis of a simple 7-1/2% per annum discount.

Anything to the contrary hereinabove notwithstanding, any non-payment of rentals or additional rentals due hereunder shall result in the obligations on the part of Lessee to pay also an amount equal to ten percent (10%) per annum (or the lawful rate, whichever is less) of the overdue rentals or additional rentals for the period of time during which they are overdue.

20. Remedies of Lessor. -- The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law.

21. Termination of Lease. -- On the termination of this Lease, whether at the end of the Lease Term or upon any earlier termination, or upon Lessor's request upon occurrence of a default under this Lease, the Lessee shall collect the auto racks within thirty (30) days following termination, or such request at not more than two (2) easily accessible locations on Lessee's railroad line, shall remove the auto racks from the flat cars and shall return the auto racks to the Lessor all at the Lessee's expense.

The Lessee will cause each auto rack to be kept numbered with its serial number as set forth in Exhibit A

hereto, or, in the case of auto racks not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such auto racks, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit, in letters not less than one inch in height, the words "Ownership Subject to a Security Interest Filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's interest in the auto racks and its rights under this Lease. The Lessee will not permit any such auto racks to be placed in operation or exercise any control or domination over the same until such markings shall have been made thereon and will replace or will cause to be replaced promptly any such markings which may be removed, defaced or destroyed. The Lessee will not permit the identifying number of any unit of the auto racks to be changed except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with the Lessor and filed, recorded and deposited by the Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Lessee will not allow the name of any person, association or

corporation to be placed on any auto rack as a designation that might be interpreted as a claim of ownership other than ownership by the Lessor and Lease by the Lessee.

22. Filing, Registration, Etc. -- Lessee shall, from time to time, do and perform such acts and shall execute, in addition to this Lease, a consent to the assignment hereof and shall acknowledge, deliver, file, register and record (and shall re-file, re-register, or re-record whenever required) any and all such reports, records, accounts, memoranda, Uniform Commercial Code financing statements, as contemplated by paragraph 30, filings under the Interstate Commerce Act and instruments required by law or reasonably requested by Lessor, or by the Lender hereinafter referred to, for the purpose of proper protection, to the satisfaction of counsel for Lessor, and for the Lender hereinafter referred to, of Lessor's title to the auto racks and for the purpose of carrying out the intention of this Lease in conformity with all federal and state regulatory agency requirements. Lessor shall pay all costs, charges and expenses incident to the filing, re-filing, registering, re-registering, recording and re-recording of this Lease and a consent to the assignment hereof and any such future instrument or incidental to the taking of any such other action.

23. Notification. -- Any notice required or permitted to be given by either party hereto to the other or to the Lender shall be deemed to have been given when deposited in the United States mails, first class, with postage prepaid, addressed as follows: If to the Lessor: RAILROAD CAR ENTERPRISES, Suite

103, Riggs Building, 7411 Riggs Road, Hyattsville, Maryland 20783. If to the Lessee: CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, Room 746, 516 West Jackson Boulevard, Chicago, Illinois 60606. If to the Lender: SUN LIFE INSURANCE COMPANY OF AMERICA, Sun Life Building, 20 South Charles Street, Baltimore, Maryland 21201, Attention: Investment Securities Department, or at such other changed address as any party shall give notice of to the other parties.

24. Law Governing. -- This Lease shall be governed and construed in accordance with the laws of the State of Maryland.

25. Counterparts. -- This Lease may be executed in any number of counterparts numbered consecutively in ascending numerical order, but only the counterpart that is labeled "Counterpart No. 1" shall be deemed to be the original Lease for purposes of perfection of a security interest therein and shall be the only counterpart which may be transferred and given to transfer the rights of Lessor hereunder.

26. Assignment by Lessor. -- Simultaneously, with the execution and delivery of this Lease, Sun Life Insurance Company of America, a Maryland corporation (the "Lender") is providing financing in connection with this transaction and Lessor will assign this Lease and all of its rights hereunder to the Lender as collateral security therefor. Lessor's right, title and interest in and to this Lease and to the auto racks is being transferred and assigned to the Lender and a security interest in the auto

racks and/or in this Lease is being granted by Lessor to the Manufacturer or the Lender, as the case may be. The Lender may further transfer and assign the same, including its interest as a secured party, and any Assignee (which term shall include the Lender) shall have all the rights, powers, privileges and remedies of Lessor hereunder. Any such assignments shall be specifically subject to Lessee's rights hereunder and no such assignment may be made which adversely affects Lessee's right to operate and use the auto racks, the subject of this Lease. Any such Assignee shall not be obligated to perform any of the obligations of Lessor hereunder. Lessor hereby instructs Lessee to pay the rentals and the additional rentals specified herein in Paragraph 5, or an amount equal to such rentals, together with any amounts to be paid under any of the other provisions of this Lease, including Paragraphs 7, 8, 11, 12 and 19, and all other sums due hereunder or pursuant hereto, directly to the Lender or to such subsequent Assignee or otherwise, as the Lender may direct, at the time specified herein. Such Assignee may, at its option, utilize or retain such payments in the satisfaction of any obligation of Lessor to Assignee; or in the satisfaction of any obligation of Lessor or Lessee hereunder; or as security for the performance by Lessor or Lessee of their respective obligations hereunder. The foregoing payments shall be made without interruption or abatement pursuant to the terms of this Lease notwithstanding any event whatsoever, including without

limitation, the bankruptcy or insolvency of Lessor or any disaffirmance of its Agreement by any trustee or receiver; and notwithstanding any defense, set-off or counterclaim whatsoever, whether by reason of any act or omission of Lessor or otherwise, until receipt of written notice from said Assignee that all obligations secured by said assignment have been satisfied.

27. Rights of Assignee. -- Lessee agrees that neither the payments to be made to such Assignee nor the rights of such Assignee under such assignment shall be the subject of any set-off, counterclaim or defense with respect to any claim of Lessee against Lessor or otherwise, that it will not assert any such set-off, counterclaim or defense in any proceeding brought under said assignment, and that it will not seek to recover any such payments previously made; provided that nothing herein contained shall affect any claims which Lessee may have against Lessor or the right of Lessee to enforce any such claims in any manner other than by attachment or recoupment of, or set-off, counterclaim or defense against, the aforementioned payments to be made to such Assignee. Lessee agrees to hold the auto racks and the possession thereof for and on behalf of said Assignee to the extent of said Assignee's rights under any assignment subject to and without impairment of Lessee's rights hereunder.

28. Amendments; Assignee's Consent. -- This Lease may not be changed orally, but only by agreement in writing between Lessor and Lessee, consented to by Assignee hereof, even though

such change is specifically contemplated by the terms hereof. No modification or waiver of any provision of this Agreement nor consent to any departure by Lessee therefrom, including without limitation thereof any modification specifically contemplated by the terms hereof, shall be effective unless the same shall be in writing signed by Lessor and Assignee hereof, and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given.

29. Miscellaneous. -- The captions in this Lease are for convenience only and shall not define or limit any provisions hereof. Lessee shall have no rights, title or interest in or to said auto racks except the right to use the same upon the terms and conditions herein contained. Lessor's title to the auto racks and its right to take possession thereof in compliance with the provisions of this Agreement shall not be affected by the provisions of the Federal Bankruptcy Act, as amended. No failure or delay on the part of Lessor in exercising any power or right hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise of any such right or power. No notice to or demand on the Lessee shall entitle Lessee to any other or further notice or demand in similar or other circumstances. Time is of the essence of this Lease. If any term or provision of this Lease or the application thereof to any person or circumstances shall, to any extent, be invalid or unenforceable, the remainder of this

Lease, or application of such term or provision to persons or circumstances, other than those as to which it is held invalid or unenforceable, shall not be affected thereby, and each term and provision of this Lease shall be valid and enforced to the fullest extent permitted by law.

30. Financing Statements. -- Lessee authorizes Lessor or any Assignee hereof to file financing statements or other instruments signed only by Lessor or such Assignee in all places where necessary to perfect a security interest in the auto racks in all jurisdictions where such authorization is permitted by the Uniform Commercial Code or under the Interstate Commerce Act and Lessee agrees to execute and deliver such financing statements or other instruments to Lessor or its Assignee for filing as may be required by Lessor or its Assignee with respect to any other jurisdictions.

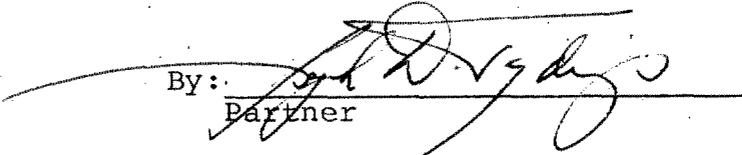
31. Additional Agreements. -- Lessor and Lessee shall, but only with the prior written consent of Assignee, at any time, and from time to time at the request of Lessor, Lessee or Assignee, execute and deliver or perform, or cause to be executed and delivered or performed, all supplements and all such further and other instruments and assurances as may reasonably be appropriate in order more effectively to carry out the intents and purposes of this Lease and to establish, confirm, maintain and protect the rights and remedies created or intended to be created in favor of Lessor and Lessee by this Lease.

32. Successors, Etc. -- This Lease shall inure to the benefit of and be binding upon the parties hereto and their respective successors and assigns to the extent permitted hereunder.

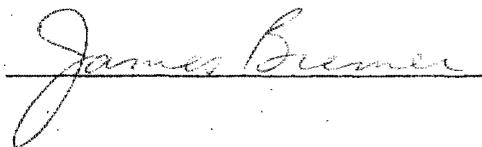
33. Resolutions. -- Lessee shall furnish Lessor with whatever evidence may be required by the Lessor authorizing the execution and delivery of this Lease and such other documents as are to be executed and delivered by Lessee to Lessor, together with such other documents, including counsel's opinions, as specified in Exhibit B, attached hereto, all in a form and substance satisfactory to Lessor.

34. Authorization. -- Lessor covenants that upon execution of this Lease as provided below, this Lease shall constitute a contract binding upon the Lessor and that the obligation of Lessor hereunder shall be enforceable.

RAILROAD CAR ENTERPRISES

By: 
Partner

WITNESS:


James Bremer

CHICAGO, MILWAUKEE, ST. PAUL AND
PACIFIC RAILROAD COMPANY

By: *R. K. Adair*
Vice President - Finance & Accounting

ATTEST:

B. B. Budnowski
ASST. SECRETARY

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

On this 6th day of December , 1976, before me personally appeared R. F. Kratochwill , to me personally known, who, being by me duly sworn, says that he is Vice President of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joanne H. Easton
Notary Public

MY COMMISSION EXPIRES: January 19, 1978



