

Record 157

Interstate Commerce Commission
Washington, D. C.

8707
RECORDATION NO. Filed & Recorded

FEB 23 1977 11:24 AM

Gentlemen:

~~INTERSTATE COMMERCE COMMISSION~~

Enclosed for recordation under the provisions of Section 20(c) of the Interstate Commerce Act, as amended, are the original and 13 counterparts of a Restated Equipment Lease dated as of November 15, 1976.

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

The names and addresses of the parties are:

Lessor: First Security Bank of Utah, N.A.,
as Trustee under SSI Rail Trust
No. 76-4
79 South Main Street
Salt Lake City, Utah 84110

Lessee: SSI Rail Corp.
Two Embarcadero Center
San Francisco, California 94111

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

Please return the original and 11 copies of the Restated Equipment Lease to Ronald E. Roden, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

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

Very truly yours,

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity
but solely as Trustee under SSI
Rail Trust No. 76-4

By *Lupia B. Eicher*
Its Authorized Officer

LESSOR AS AFORESAID

Enclosures

Chapman & Cutler
R. E. Roden

DESCRIPTION OF EQUIPMENT

MANUFACTURER:

FMC Corporation

DESCRIPTION OF EQUIPMENT:

GROUP A: 100 70-ton, 50'6" single sheath Boxcars (AAR Mechanical Designation XM) bearing identifying numbers APA 1850 through 1949, both inclusive.

GROUP B: 100 100-ton, 50'6" single sheath Boxcars (AAR Mechanical Designation XM) bearing identifying numbers APA 1700 through 1799, both inclusive.

SPECIFICATIONS:

PRICE PER ITEM OF EQUIPMENT:

GROUP A: \$33,512.26 per Item of Equipment

GROUP B: \$35,959.24 per Item of Equipment

TOTAL PRICE:

\$6,947,150 for all 200 Items of Equipment

SCHEDULE A

RECORDATION NO. 8707 Filed & Recorded

FEB 23 1977 • II 40 AM

INTERSTATE COMMERCE COMMISSION
INTERSTATE COMMERCE COMMISSION

**RESTATED
EQUIPMENT LEASE**

Dated as of November 15, 1976

BETWEEN

**FIRST SECURITY BANK OF UTAH, N.A.,
as Trustee**

LESSOR

AND

SSI RAIL CORP.

LESSEE

(SSI Rail Trust No. 76-4)

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- Schedule A - Description of Equipment
- Schedule B - Schedule of Casualty Value

RESTATED
EQUIPMENT LEASE

SSI RAIL CORP.
(SSI Rail Trust No. 76-4)

THIS RESTATED EQUIPMENT LEASE dated as of November 15, 1976 between FIRST SECURITY BANK OF UTAH, N.A., as Trustee (the "Lessor") under a Trust Agreement dated as of November 15, 1976 with FMC FINANCE CORPORATION, a Delaware corporation (the "Trustor"), and SSI RAIL CORP., a Delaware corporation (the "Lessee");

R E C I T A L S:

A. The Lessor and the Lessee have heretofore executed and delivered a Lease of Railroad Equipment dated as of June 22, 1976 (the "Original Lease") providing for the leasing of certain railroad equipment (collectively the "Equipment" and individually an "Item of Equipment"), a description of which is set forth in Schedule A attached hereto.

B. The Lessor and the Lessee desire to amend and restate the Original Lease in its entirety.

NOW, THEREFORE, the Lessor and the Lessee agree that the Original Lease shall be and is hereby amended in its entirety to read as follows:

SECTION 1. CONFIRMATION OF DELIVERY AND ACCEPTANCE OF EQUIPMENT.

The Lessor and the Lessee confirm and agree that each Item of Equipment has been duly inspected and accepted under and pursuant to the terms of the Original Lease. The Lessee further confirms that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's rights, if any, against FMC Corporation (the "Manufacturer"), as of the date of inspection and acceptance of each Item of Equipment under the Original Lease, such Item of Equipment was acceptable to and accepted by the Lessee under the Original Lease,

notwithstanding any defect with respect to design, manufacture, condition or any other respect, and that such Item of Equipment was in good order and condition and appeared to conform to the specifications applicable thereto and all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and the Lessee represents that it had no knowledge of any such defect as of the date of such inspection and acceptance. The Lessee further confirms and agrees that its acceptance of each Item of Equipment under the Original Lease shall constitute its acceptance of each such Item of Equipment under this Restated Lease, all on and subject to the terms and conditions set forth herein.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rent for Equipment. The Lessee agrees to pay the Lessor for each Item of Equipment fifty-nine (59) installments of fixed rental (the "Fixed Rental"), payable in arrears, in the following amounts:

(a) for each Item of Equipment one installment of Fixed Rental in an amount equal to 0.223% of the Lessor's Cost thereof; followed by

(b) for each Item of Equipment fifty-eight (58) installments of Fixed Rental each in an amount equal to 2.80757% of the Lessor's Cost thereof.

2.2. Rent Payment Dates. The first installment for each Item of Equipment shall be due and payable on March 1, 1977 and the following 58 installments of Fixed Rental for each Item of Equipment shall be due and payable quarterly thereafter commencing June 1, 1977 to and including September 1, 1991.

If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Restated Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the States of California, Utah, Illinois or Connecticut are required to close.

2.3. Manner and Place of Payment. The Lessor irrevocably instructs the Lessee to make all payments [other than payments owing to the Lessor or the Trustor pursuant to Sections 6, 10.2 and 11.1 (with respect to public liability insurance) hereof or payments due or becoming due following the payment in full of all principal, premium, if any, and interest on the Notes of the Lessor issued pursuant to the Participation Agreement dated as of November 15, 1976 (the "Participation Agreement") among the Lessor, the Lessee, the Trustor, Itel Corporation (the "Guarantor"), The Travelers Insurance Company and Harris Trust and Savings Bank, as security trustee (the "Security Trustee"), which payments shall be made directly to the Lessor or the Trustor at such place and in such manner as the Lessor shall specify to the Lessee in writing] provided for in this Restated Lease at the principal office of the Security Trustee for the account of the Lessor payable to the Security Trustee, with instructions to the Security Trustee, first, to apply such payments to satisfy the obligations of the Lessor in respect of said Notes known to the Security Trustee to be due and payable on the date such payments are due and payable hereunder and second, so long as no Event of Default hereunder or under the Security Agreement (as defined in the Participation Agreement) shall have occurred and be continuing, to pay any balance promptly to the Lessor in legal tender of the United States by wire transfer of immediately available funds to First Security Bank of Utah, N.A., 79 South Main Street, Salt Lake City, Utah 84111, Attention: Connie Eichers, or to such other bank in the United States as the Lessor shall designate to the Security Trustee in writing or by wire transfer of immediately available funds to The First National Bank of Chicago, One First National Plaza, Chicago, Illinois 60670 for the account of FMC Finance Corporation, Account No. 57-32824 (re: SSI/Itel leveraged lease). If payment is made directly to the Trustor, the Security Trustee shall promptly provide the Lessor with written notice indicating the date and amount of such payment. The Lessee agrees that it will pay all Fixed Rental and Casualty Values due hereunder by a check delivered to the Security Trustee on such date as to permit the collection by the Security Trustee of immediately available funds at the office of the Security Trustee not later than the due date of such payment or, at the option of the Lessee, by wire transfer at the opening of business on the due date of such payment of immediately available funds to the Security Trustee. Any other sums to be paid by the Lessee hereunder shall be made by check payable to the order of the party to receive the same and mailed thereto at its last known address.

2.4. Net Lease. This Restated Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Manufacturer or the Lessor under this Restated Lease or otherwise, nor, except as otherwise expressly provided herein, shall this Restated Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, any strike or other labor dispute, the invalidity or unenforceability or lack of due authorization or other infirmity of this Restated Lease, or lack of right, power or authority of the Lessor to enter into this Restated Lease, or for any other cause whether similar or dissimilar to the foregoing, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is placed and ready for the delivery to the Lessor or is stored for the Lessor, or is enroute to delivery to the Lessor.

SECTION 3. TERM OF THE LEASE: RENEWAL.

The term of this Restated Lease as to each Item of Equipment shall begin on the date of execution and delivery of this Restated Lease and, subject to the provisions of Sections 11 and 18 hereof, shall terminate on September 1, 1991.

SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.

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

4.2. Duty to Number and Mark Equipment. The Lessee shall cause each Item of Equipment to be kept numbered with the reporting mark of the Permitted Sublessee (as defined in Section 5.25 of the Participation Agreement) as set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate

or stencil printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"Owned by a Company under a Security Agreement Filed under the Interstate Commerce Act, Section 20c"

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Restated Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the reporting mark of any Item of Equipment except to reporting marks of the Lessee or its affiliate or of a Permitted Sublessee or with the consent of the Lessor and in any event in accordance with a statement of new reporting marks to be substituted therefor, which consent, if any, and statement previously shall have been filed with the Lessor by the Lessee and filed, recorded or deposited in all public offices where this Restated Lease shall have been filed, recorded or deposited.

4.3. Prohibition Against Certain Designations. Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Equipment to be lettered with the names or initials or other insignia customarily used by the Lessee, its affiliates or any sublessee pursuant to Section 17.2 hereof on railroad equipment used by it of this same or a similar type for convenience of identification.

4.4. Indemnification for Improper Marking. The Lessee shall indemnify the Lessor, the Trustor and any assignee under Section 16 hereof against any liability, loss or expense incurred by any of them as a result of the aforesaid marking of the Equipment with such name, initials or insignia.

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, INCLUDING BUT NOT LIMITED TO, THEIR VALUE, CONDITION, DESIGN OR OPERATION, (B) THE LESSOR'S TITLE THERETO, (C) THE DESIGN OR CONDITION OF, OR THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT OR (D) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Restated Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall at its cost defend, indemnify and save harmless and protect the Lessor and the Trustor and their successors and assigns from and against:

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

(b) any claim, cause of action, damages or liability, cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner or by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation the construction, purchase, delivery, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements, or (iv) as a result of claims based upon warranty, breach of contract, negligence or other tortious liability including, without limitation, strict liability in tort.

6.2. Continuation of Indemnities and Assumptions.

The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Restated Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumption of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Restated Lease, except for any such matters occurring after termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Sections 13 or 15, as the case may be, or matters arising out of events occurring prior to such termination. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability. The indemnities and assumptions of liabilities set forth in this Section 6 do not constitute a guarantee of a residual value in the Equipment or of payment of the Notes (as defined in the Trust Agreement).

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all laws, regulations, requirements and rules of all governments, whether of the United States or countries foreign thereto or any state, province, territory or other political subdivision thereof having jurisdiction (including but not limited to the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to this Restated Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, suitable for use in interchange. Except as required by the

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

SECTION 9. LIENS ON THE EQUIPMENT.

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

SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

10.1. Filing. Prior to the Closing Date under the Participation Agreement, the Lessee will, at its sole expense, cause this Restated Lease and the first security agreement and/or assignment, if any, executed by the Lessor with respect to the Equipment or this Restated Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without Canada and the United States as the Lessor may request for the protection of its title or the security interest of the assignee

under such security agreement and/or assignment and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record wherever and whenever required) any and all further instruments required by law or reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or such assignee's security interest in, the Equipment to the satisfaction of the Lessor's or such assignee's counsel or for the purpose of carrying out the intention of this Restated Lease, and in connection with any such action will deliver to the Lessor proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, re-filing, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

10.2. Payment of Taxes. All payments to be made by the Lessee hereunder will be free of expense (after giving effect to Federal, state and local income tax benefits accruing to the Lessor and the Trustor) to the Lessor for collection or other charges and will be free of expense (after giving effect to Federal, state and local income tax benefits accruing to the Lessor and the Trustor) to the Lessor with respect to the amount of any local, state, federal, or foreign taxes (other than any United States Federal income tax payable by the Trustor in consequence of the receipt of payments provided for herein and other than the aggregate of all state or local taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and locality in which the Trustor has its principal place of business without apportionment to any other state, except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use payment, shipment, delivery or transfer of title under the terms hereof or the Participation Agreement, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Item of Equipment or for the use or operation thereof (except as provided above) or upon the

earnings arising therefrom (except as provided above) or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Item of Equipment free and clear of all impositions which might in any way affect the title of the Lessor or the interest of the Trustor or of any assignee of the Lessor pursuant to Section 16 hereof under any security agreement or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the opinion of the Lessor and the Trustor, adversely affect the Lessor's title to and interest in the Equipment or the title, property or rights of the Lessor or Trustor hereunder or of any assignee of the Lessor pursuant to Section 16 hereof under any security agreement. The Lessee agrees to give the Lessor and the Trustor notice of such contest within 30 days after institution thereof and the Lessor agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Lessor or the Trustor directly and paid by the Lessor or the Trustor, the Lessee shall reimburse the Lessor or the Trustor on presentation of an invoice therefor; provided, however, that the Lessor or the Trustor shall have given the Lessee written notice of such imposition prior to such payment.

In the event any returns, statements or reports with respect to impositions are required to be made, the Lessee will make such returns, statements and reports in such manner as to show the interest of the Lessor, the Trustor and any assignee under Section 16 hereof in the Items of Equipment; provided, however, that the Lessor and, if applicable, the Trustor shall, with respect to any state or political subdivision thereof of the United States of America, file required returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by Lessor's earnings or gross receipts arising from the Items of Equipment, or the value added by the Lessor thereto, and remit the amount thereof and the Lessee shall reimburse the Lessor or the Trustor promptly upon demand for the amount of such taxes, fees and charges except as provided above.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this Section 10.2, the Lessor and the Trustor hereby authorize the Lessee to act in their names and on their behalf; provided, however, that the Lessee shall indemnify and hold the Lessor and the Trustor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever reasonably requested by the Lessor or the Trustor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor and the Trustor of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor or the Trustor reasonably may require to permit the Lessor's and the Trustor's compliance with the requirements of taxing jurisdictions.

SECTION 11. INSURANCE: PAYMENT FOR CASUALTY OCCURRENCE FOR EQUIPMENT UNSERVICEABLE FOR USE.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Restated Lease and at its own cost and expense keep each Item of Equipment insured against loss by fire, windstorm and explosion and with extended coverage and against such other risks as are customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee at not less than the value of such Item from time to time payable by railroad companies in possession of such Item in the event the same should then be destroyed beyond repair pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the American Association of Railroads and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property or others, such insurance to afford protection to the limit of not less than \$5,000,000 per occurrence. Any such insurance may have applicable thereto deductible provisions to the extent of \$25,000 per occurrence and may be carried under blanket policies maintained by the Lessee so long as such policies otherwise comply with the provisions of this Section 11.1. All such insurance shall cover both the interest of the Lessor and the Lessee in the Equipment or, as the case may be, shall

protect the Lessor, the Trustor and the Lessee in respect of risks arising out of the condition, the maintenance, use or ownership of the Equipment and shall provide that losses, if any, in respect of the Equipment shall be payable to the Lessee and the Lessor as their respective interest may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Restated Lease and the rents and other sums payable hereunder, as provided in Section 16 hereof, the Lessee shall cause the insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the assignee specified in such notice (referred to in this Section 11.1 as the "Secured Assignee") under a standard mortgage loss payable clause satisfactory to the Lessor and the Secured Assignee which shall provide that the insurer thereunder waives all rights of subrogation against the Lessor, the Lessee, the Trustor and the Secured Assignee, that 30 days' prior written notice of cancellation shall be given to the Secured Assignee and that such insurance as to the interest of the Secured Assignee therein shall not be invalidated by any act or neglect of the Lessor, the Lessee or the Trustor or by any foreclosure or other remedial proceedings or notices thereof relating to the Equipment or any interest therein nor by any change in the title or ownership of the Equipment or any interest therein or with respect thereto, or by the use or operation of the Equipment for purposes more hazardous or in a manner more hazardous than is permitted by such policy. No such policy shall contain a provision relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Equipment against the peril involved, whether collectible or not; provided, however, that such policy may relieve the insurer thereunder of such liability to the extent that payment is made by a railroad company as compensation for the destruction beyond repair of an Item of Equipment pursuant to applicable rules of the Interstate Commerce Commission, the United States Department of Transportation and the American Association of Railroads. The loss, if any, under any policy covering the Equipment shall be adjusted with the insurance companies by the Lessee, subject to the approval of the Lessor and the Secured Assignee if the loss exceeds \$100,000. The loss so adjusted shall be paid to the Secured Assignee pursuant to said loss payable clause unless said loss is \$25,000 or less, in which case said loss shall be paid directly to the Lessee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Restated Lease. The Lessee shall furnish the Lessor with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal

policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies.

All insurance provided for in this Section 11.1 shall be effected with insurance companies approved by Lessor and the Secured Assignee, which approval shall not be unreasonably withheld. All such policies shall provide that the same shall not be cancelled or materially changed without at least 30 days prior written notice to each assured named therein.

The proceeds of any insurance received by the Lessor or the Secured Assignee on account of or for any loss or casualty in respect of any Item of Equipment shall be released to the Lessee either (i) upon a written application signed by the President, any Vice President or the Treasurer of the Lessee for the payment of, or to reimburse the Lessee for the payment of, the cost of repairing, restoring or replacing the Item of Equipment which has been lost, damaged or destroyed so long as the restoration, replacement and repair parts become immediately subject to all of the terms and conditions of this Restated Lease and all public filings, recordings and registrations necessary or expedient to vest title thereto in the Lessor are accomplished by the Lessee at its expense (which application shall be accompanied by satisfactory evidence of such cost and of the completion of such repair, restoration or replacement), or (ii) if this Restated Lease is terminated with respect to such Item of Equipment pursuant to Section 11.4 promptly upon payment by the Lessee of the Casualty Value to the Secured Assignee; provided that, if Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds shall be applied against such liability.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged during the term of this Restated Lease, including any renewal term hereunder, or thereafter while the Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or, except as hereinafter provided, shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Restated Lease (any such occurrence, except for any requisition which by its terms is for an indefinite period or is for a stated period which does not exceed the remaining term of this Restated Lease, being hereinafter called a Casualty

Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto and shall pay the Casualty Value (as herein defined) of such Item in accordance with the terms hereof. If at the end of the term of this Restated Lease any Item of Equipment shall continue to be held pursuant to any governmental requisition or taking which was not theretofore deemed a Casualty Occurrence, then at such time the continued requisition or taking shall, unless the Lessor shall have otherwise notified the Lessee in writing, be deemed a Casualty Occurrence.

11.3. Sum Payable for Casualty Loss. The Lessee shall, on the Fixed Rental payment date following its knowledge of a Casualty Occurrence with respect to any Item or Items of Equipment, pay to the Lessor the Fixed Rental installment due on such rental payment date for such Item or Items of Equipment plus a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment. If any Item of Equipment shall suffer a Casualty Occurrence at the end of the term of this Restated Lease or after termination hereof and before such Item shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor not as a penalty, but as liquidated damages promptly upon demand of the Lessor an amount equal to 20% of the Lessor's Cost of such Unit.

11.4. Rent Termination. Upon (and not until) payment of the Casualty Value in respect of any Item or Items of Equipment and the Fixed Rental installment due on such payment date, the obligation to pay rental for such Item or Items of Equipment accruing subsequent to the Casualty Value payment date shall terminate, but the Lessee shall continue to pay rental for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "AS IS", "WHERE IS" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as

the Lessor shall reasonably request to terminate any contingent liability which the Lessor might determine that it has arising after such disposition from or connected with such Item or Items of Equipment.

11.6. Casualty Value. The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Lessor's Cost of such Item of Equipment set forth in the Schedule of Casualty Values attached hereto as Schedule B opposite such date of payment.

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

11.8. Eminent Domain. In the event that during the term of this Restated Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or a stated period which does not exceed the remaining term of this Restated Lease, the Lessee's duty to pay rent shall continue for the duration of such requisitioning or taking or, in the case of a requisitioning or taking for an indefinite term, until the end of the term of this Lease, at which time the Lessee shall, unless otherwise directed in writing by the Lessor, pay to the Lessor the Casualty Value determined at the end of such term in accordance with Section 11.3 hereof. So long as no Event of Default shall have occurred and be continuing under this Restated Lease and no event has occurred and is continuing which, with the passage of time or the giving of notice, or both, could constitute an Event of Default hereunder, the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rental paid or payable hereunder for such period, and the balance, if any, shall be payable to and retained by the Lessor as its sole property.

SECTION 12. FINANCIAL AND OTHER REPORTS.

12.1. Status Reports. On or before May 1, in each year, commencing with the year 1977, the Lessee will furnish to the Lessor and the Trustor and their respective assigns an accurate statement, as of the end of the preceeding calendar year (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during such calendar year (or since the date of this Restated Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as Lessor may reasonably request, (b) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4 hereof shall have been preserved or replaced, (c) describing the insurance coverage, if any, maintained by the Lessee pursuant to Section 11.1 hereof and (d) showing the amount, description and numbers of the Items of Equipment being subleased as permitted hereunder (including the name of any such permitted sublessee and the term of any such permitted sublease), specifying any Items of Equipment which are not being subleased as permitted hereunder during the period covered by such statement and in the case of each such sublease, not theretofore disclosed in an annual report, attaching a reproduction copy of the sublease agreement then in effect.

12.2. Lessor's Inspection Rights. The Lessor and the Lessor's assigns shall each have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times during normal business hours following prior written notice to the Lessee as shall be reasonable to confirm to the Lessor or its assigns the existence and proper maintenance thereof during the continuance of this Restated Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Restated Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Equipment to the Lessor upon such storage tracks as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and the Lessee will pay for the storage of the Equipment on such tracks for a period not exceeding three months and transport

the same at any time within such three month period to any connecting carrier for shipment, all as directed by the Lessor upon not less than thirty (30) days written notice to the Lessee. All movement and storage of each Item of Equipment is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Item of Equipment, to inspect the same provided that the Lessee shall not be liable, except in the case of negligence of the Lessee or its employees or agents, or any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this Section. During any such storage period the Lessee shall maintain the Items of Equipment in such manner as the Lessee normally maintains similar equipment owned or leased by it in similar storage circumstances. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. In the event any Item is not assembled, delivered and stored, as hereinabove provided within 60 days after such termination, the Lessee shall pay to the Lessor for each day thereafter an amount equal to 0.030768% of the Lessor's Cost of such Item.

SECTION 14. DEFAULT.

14.1. Events of Default. If, during the continuance of this Restated Lease, one or more of the following events ("Events of Default") shall occur:

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

(b) Any representation or warranty made (i) by the Lessee herein or in the Participation Agreement or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Restated Lease or the Participation Agreement or (ii) by the Guarantor in or pursuant to or in connection with the Restated Guaranty Agreement dated as of November 15, 1976 (the "Guaranty Agreement") executed by the Guarantor in respect of the obligations and liabilities

under this Restated Lease or in the Participation Agreement or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Restated Lease, the Guaranty Agreement or the Participation Agreement proves untrue in any material respect as of the date of issuance or making thereof; or

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

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

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

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

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

(h) The Lessee shall be in default in its observance or performance of any of its covenants and agreements contained in Section 5 of the Participation Agreement and concurrently therewith the Guarantor shall be in default in its observance or performance of its covenants and agreements contained in either Section 6.3 or 6.4 of the Participation Agreement and such concurrent defaults shall continue for 30 days after written notice from the Lessor to the Lessee and the Guarantor specifying such defaults and demanding that the same be remedied; or

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

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

(k) Any other proceedings shall be commenced by or against the Lessee or the Guarantor for any relief which includes, or might result in, any modification of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment or indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustment of the obligations of the Lessee hereunder or of the Guarantor under the Guaranty Agreement), 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 the Lessee under this Restated Lease and/or of the Guarantor under the Guaranty Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee and/or the Guarantor or for the property of the Lessee and/or the Guarantor in connection with any such proceedings, in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 60 days after such appointment, if any, or 90 days after such proceedings shall have been commenced, whichever shall be earlier;

then, in any such case, the Lessor, at its option, may:

1. proceed by appropriate court action or actions, either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Restated Lease or to recover damages for the breach thereof; or

2. by notice in writing to the Lessee, terminate this Restated Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Restated Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of such Equipment and subleases covering such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee or any sublessees, or their respective successors or assigns (the rights and interests of all sublessees being subordinate and junior to the rights of the Lessor and its assigns thereunder), to use the Equipment for any purpose whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Restated Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Restated Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term such term to the date of such termination rentals which the Lessor reasonably estimates to be obtainable for the use of the Item during such period, such present worth to be computed in each case on a basis of a 7% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had

this Restated Lease not been terminated, or (y) an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment as of the Fixed Rental payment date on or immediately preceding the date of termination over the Fair Market Value thereof (as determined in accordance with the procedures set forth in Section 18.2(b) hereof); provided, however, that in the event the Lessor shall have sold any Item of Equipment, the Lessor in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value of such Item of Equipment, as of the Fixed Rental payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Restated Lease, other than for the payment of rental; and/or

3. direct sublessees to pay all rentals and other amounts and render all performances due to the Lessee under any subleases to the Lessor and its assigns hereunder, which direction shall be joined in by the Lessee.

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

14.3. Lessor's Failure to Exercise Rights. The failure of the Lessor to exercise the rights granted it hereunder upon any occurrence of any of the contingencies set forth herein shall not constitute a waiver of any such right upon the continuation or recurrence of any such contingencies or similar contingencies.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or its assigns shall terminate this Restated Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith assemble and place each such Item of Equipment upon such storage tracks within the continental United States as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Provide storage at the risk of the Lessee for each such Item of Equipment on such tracks until the same has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport any Items of Equipment to any place of interchange on the lines of a railroad within a 25-mile radius of such storage tracks, all as the Lessor may reasonably direct upon not less than 30 days' written notice to the Lessee.

15.2. Specific Performance. The assembling, delivery storage and transporting of the Equipment as hereinbefore provided and the joining by the Lessee in the direction to sublessees as contemplated by Section 14.1(3) hereof are of the essence of this Restated Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Equipment.

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

SECTION 16. ASSIGNMENT BY LESSOR.

This Restated Lease shall be assignable in whole or in part by the Lessor with the consent of the Trustor but without the consent of the Lessee but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor. Upon notice to the Lessee of any such assignment the rental and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to such assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Restated Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, including, without limitation, any interference by the Lessor or any person other than such assignee with the Lessee's right to quiet enjoyment of the Equipment, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, however and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums which are the subject matter of the assignment except only in the event that such assignee shall willfully and wrongfully interfere with the Lessee's right of quiet enjoyment of the Equipment and (ii) any such assignee shall have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Restated Lease are permitted or provided to be exercised by the Lessor and which are assigned to such assignee.

It is further understood and agreed that the right, title and interest of any such assignee into and under this Restated Lease and the rents and other sums due and to become due under this Restated Lease shall by the express terms granting and conveying the same be subject to the interest of the Lessee in and to the Equipment.

SECTION 17. ASSIGNMENTS BY LESSEE: USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as the Lessee shall not be in default under this Restated Lease, the Lessee shall be entitled to the possession and use of the Equipment in accordance with the terms of this Restated Lease, but, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Restated Lease in any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof. The Lessee shall not, without the prior written consent of the Lessor part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 17.2 hereof.

17.2. Use and Possession by Lessee, Interchange. So long as the Lessee shall not be in default under this Restated Lease, the Lessee shall be entitled to and shall have the exclusive use and possession of the Equipment. The Lessee agrees that the Equipment will be used exclusively within the continental United States, Alaska, Canada and Mexico; provided that the Lessee further agrees that at no time shall more than 5% of the Items of Equipment then leased hereunder be located within Mexico and that the Lessee shall at all times remain in compliance with the terms and provisions of this Lease in respect of all of the Items of Equipment wherever located. The Lessee agrees that it will not assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Restated Lease shall be deemed to prevent the sublease of any Item of Equipment in accordance with the provisions set forth below in this Section 17.2. No such sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder, which shall be and remain those of a principal and not a surety.

So long as the Lessee shall not be in default under this Restated Lease, the Lessee shall be entitled to sublease the Items of Equipment to a Permitted Sublessee (as defined in Section 5.25 of the Participation Agreement), said sublease to be evidenced by a Permitted Sublease (as defined in Section 5.25 of the Participation Agreement); provided, however, that any such Permitted Sublease and the rights and interests of any Permitted Sublessee thereunder shall in all events be subject and subordinate to this Restated Lease and the rights and interests of the Lessor and its respective successors and assigns hereunder and such Permitted Sublease shall be for a term

expiring not later than the end of the then current term of this Restated Lease and further provided, however, that the Lessee shall not assign or permit the assignment of any Item of Equipment to service involving the regular operation and maintenance thereof outside the continental United States. So long as the Lessee shall not be in default under this Restated Lease, each Item of Equipment may, under the terms of this Restated Lease and pursuant to any such Permitted Sublease, be used upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all of the terms and conditions of this Restated Lease.

17.3. Merger, Consolidation or Acquisition of Lessee.

Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Restated Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed in writing the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of Lessee as an entirety or substantially as an entirety, provided that such assignees, successors or transferees will not, upon the effectiveness of such merger or consolidation or acquisition of properties, be in default under any provision of this Restated Lease and that the financial and credit risks of the transaction contemplated hereby shall not, in the reasonable opinion of the Lessor, become unsatisfactory as a consequence of such merger or consolidation or acquisition of properties and that such merger or consolidation or acquisition of property shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a surety.

SECTION 18. RIGHT OF FIRST REFUSAL: RENEWAL OPTIONS.

18.1. Right of First Refusal. Provided that the Lessee is not in default hereunder, the Lessor shall not, at any time after the end of the term of this Restated Lease, sell, transfer or otherwise dispose of the Equipment unless:

(a) the Lessee shall then have failed to exercise its option to renew and extend this Restated Lease as provided in Section 18.2 hereof;

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

(c) the Lessor shall have given the Lessee notice at least 120 days prior to the termination of this Lease or any extension thereof (i) setting forth in detail the identity of such purchaser, the proposed purchase price, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor and (ii) offering to sell such Items of Equipment to the Lessee upon the same terms and conditions as those set forth in such notice;

(d) the Lessor shall not have received written notification from the Lessee within 20 days following receipt of such notice by the Lessee of its election to purchase such Items of Equipment upon such terms and conditions; and

(e) this right of first refusal shall remain in effect for not more than 90 days after expiration of the term of this Restated Lease or any renewals hereof and in any event shall expire after Lessee's first failure or refusal to exercise its purchase rights under this Section 18.

18.2. Renewal Options. Provided that the Lessee is not in default hereunder, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Restated Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for one or more (but not more than three) consecutive renewal terms of two years each upon and subject to the terms and conditions herein contained for the original term of this Restated Lease; provided that the quarterly Fixed Rental payable for and during any such renewal term shall be an amount equal to the Fair Rental Value (as hereinafter defined) of such Items of Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 18.2.

(b) The Fair Rental Value of an Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the fair Rental Value of the Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term Appraiser shall mean such independent appraiser as the Lessor and the Lessee may mutually agree upon, or failing such agreement, a panel of three independent Appraisers, one of whom shall be selected by the Lessor within 30 days, the second by the Lessee within 30 days and the third designated by the first two so selected. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both Lessor and Lessee. Should Lessor or Lessee fail to appoint an Appraiser within 60 days prior to commencement of the renewal term, the appraisal submitted by the Appraiser selected by the other party shall be final and binding on both parties. The expenses and fees of the Appraiser shall be shared equally by the Lessee and the Lessor.

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

SECTION 19. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of any Fixed Rental or Casualty Value due hereunder, or amounts expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also an amount equal to 11 3/4% (or the maximum rate allowed by law, whichever is less) of the overdue rentals and amounts expended for the period of time during which they are overdue or expended and not repaid.

SECTION 20. COLLATERAL ASSIGNMENT BY LESSEE OF PERMITTED SUBLEASES.

20.1. Assignment. As collateral security for the payment of any and all of the obligations and liabilities of the Lessee due hereunder, the Lessee does hereby grant a security interest in and assigns to the Lessor all of its right, title and interest which it has acquired or may have acquired under and pursuant to each and all Permitted Subleases as and only to the extent that the Permitted Subleases relate to the Equipment arising from, by virtue of, or in connection with, the Equipment, whether now existing or hereafter entered into, including, without limitation, that certain Lease Agreement dated as of June 1, 1976 by and between The Apache Railway Company and the Lessee and also in any and all extensions and renewals thereof or of any Permitted Subleases as and only to the extent that the Permitted Subleases relate to the Equipment, including the right to any and all sums and moneys payable to the Lessee pursuant thereto or to any Permitted Subleases and any and all rights of the Lessee to receive said sums and moneys; provided, however, that so long as the Lessee shall not be in default hereunder, it is understood and agreed that the Lessee shall be entitled to collect and receive all such sums and moneys and to take any action upon a default under any such Permitted Sublease and to apply all such sums and moneys to the payment of any and all of the Lessee's obligations under this Restated Lease.

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

20.3. Power of Attorney. Subject to the limitations contained in this Section 20, the Lessee hereby irrevocably constitutes and appoints the Lessor its true and lawful attorney with full power of substitution for it in its name and stead to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all sums or properties which may be or become due, payable or distributable to and in respect of the interests assigned under this Section 20, with full power to settle, adjust or compromise any claim thereof or therefor

20.8. Original Sublease Assignment Superseded. The collateral assignment provided for in this Section 20 restates and amends in its entirety the Assignment of Sublease dated as of June 22, 1976 from the Lessee to the Lessor and upon execution and delivery of this Restated Lease between the Lessor and the Lessee, said Assignment of Sublease shall be deemed so restated and amended.

SECTION 21. MISCELLANEOUS.

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

If to the Lessor: First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111
Attention: Trust Department,
 Corporate Division
(with a copy to the Trustor at
200 East Randolph Drive
Chicago, Illinois 60601
Attention: President)

If to the Lessee: SSI Rail Corp.
Two Embarcadero Center
San Francisco, California 94111
Attention: Vice President-Finance

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

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

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

21.4. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Restated Lease shall not render any other provision or provisions here in contained unenforceable or invalid.

21.5. Limitations of Liability. It is expressly understood and agreed by and between the Lessor, the Trustor and the Lessee and their respective successors and assigns, that this Restated Lease is executed by First Security Bank of Utah, N.A., not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee (and First Security Bank of Utah, N.A. hereby warrants that it possesses full power and authority to enter into and perform this Restated Lease); and it is expressly understood and agreed that, except as otherwise provided in the Participation Agreement and in the case of negligence or wilful misconduct of the Lessor (which negligence or wilful misconduct shall not be imputed to the Trustor), nothing herein contained shall be construed as creating any liability on First Security Bank of Utah, N.A. or the Trustor, individually or personally, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee; and that so far as First Security Bank of Utah, N.A. or the Trustor, individually or personally are concerned the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Restated Lease.

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

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

21.8. Covenant of Quiet Enjoyment. The Lessor hereby covenants and agrees that it will not interfere with the Lessee's right of quiet enjoyment of the Equipment; provided, however, that the breach of such covenant and agreement shall not entitle the Lessee to any abatement of rent or reduction thereof hereunder or to terminate this Restated Lease (such covenant and agreement being subject to the provisions of Sections 2.4 and 16 hereof) but the Lessee may, subject to the provisions of Section 21.5 hereof, sue and obtain a judgment against the Lessor for the breach of such covenant and agreement.

21.9. Successors and Assigns. This Restated Lease shall be binding upon and shall inure to the benefit of the Lessor and the Lessee and their respective permitted successors and assigns.

21.10. Amendments. This Restated Lease may, subject to the provisions of Section 8.2 of the Trust Agreement, from time to time and at any time, be amended or supplemented by an instrument or instruments in writing executed by the parties hereto.

21.11. Original Lease Superseded. This Restated Lease restates and amends in its entirety the Original Lease and upon execution and delivery of this Restated Lease between the Lessor and the Lessee, the Original Lease shall be deemed so restated and amended.

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

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

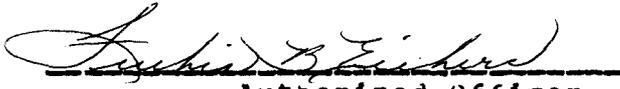
FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but
solely as Trustee under SSI Rail
Trust No. 76-4

(Seal)

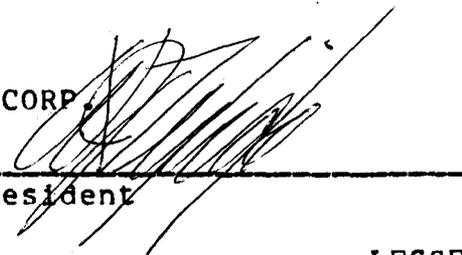
ATTEST:

By 
Its Authorized Officer

LESSOR

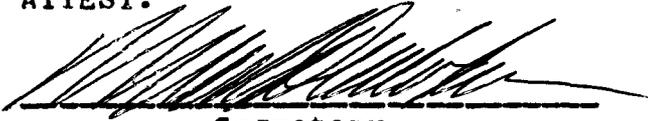

Authorized Officer

SSI RAIL CORP.

By 
Its President

(Corporate Seal)

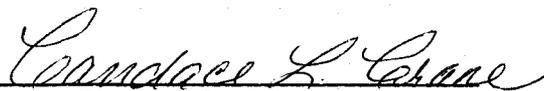
ATTEST:


Secretary

LESSEE

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this 18th day of February, 1977, before me personally appeared SCOTT D. ALLEN, to me personally known, who being by me duly sworn, says that he is the Authorized Officer of First Security Bank of Utah, N.A., that one of the seals affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.


Notary Public

(Notarial Seal)

My commission expires: September 27, 1980.

STATE OF UTAH)
) SS
COUNTY OF SALT LAKE)

On this ____ day of February, 1977, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is the Authorized Officer of First Security Bank of Utah, N.A., that one of the seals affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank 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 bank.

Notary Public

(Notarial Seal)

My commission expires:

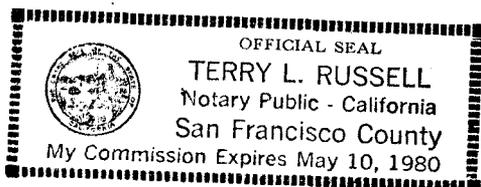
STATE OF CALIFORNIA)
) SS
COUNTY OF SAN FRANCISCO)

On this 17th day of February, 1977, before me personally appeared W. J. Texido, to me personally known, who being by me duly sworn, says that he is the President of SSI RAIL CORP., 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.

Terry L. Russell
Notary Public

(Notarial Seal)

My commission expires:



DESCRIPTION OF EQUIPMENT

MANUFACTURER:

FMC Corporation

DESCRIPTION OF EQUIPMENT:

GROUP A: 100 70-ton, 50'6" single sheath Boxcars (AAR Mechanical Designation XM) bearing identifying numbers APA 1850 through 1949, both inclusive.

GROUP B: 100 100-ton, 50'6" single sheath Boxcars (AAR Mechanical Designation XM) bearing identifying numbers APA 1700 through 1799, both inclusive.

SPECIFICATIONS:

PRICE PER ITEM OF EQUIPMENT:

GROUP A: \$33,512.26 per Item of Equipment

GROUP B: \$35,959.24 per Item of Equipment

TOTAL PRICE:

\$6,947,150 for all 200 Items of Equipment

SCHEDULE A
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The following per cent of invoice cost to Lessor of an Item of Equipment, including all taxes and delivery charges, is to be paid on a Fixed Rental payment date pursuant to Section 11.3 of the Equipment Lease as the result of an Item becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid:

<u>Fixed Rental Payment Date Number</u>	<u>Casualty Value Payable Per Item [in addition to Fixed Rental payment for each Item due on such date]</u>
1	110.80
2	111.22
3	111.99
4	112.72
5	113.43
6	113.69
7	113.54
8	113.31
9	113.04
10	112.81
11	112.53
12	107.05
13	106.39
14	105.68
15	104.84
16	103.89
17	102.87
18	101.83
19	100.76
20	93.66
21	92.51
22	91.35
23	90.15
24	88.92
25	87.65
26	86.37
27	85.05
28	77.71
29	76.33
30	74.93

SCHEDULE B
(to Equipment Lease)

<u>Fixed Rental Payment Date Number</u>	<u>Casualty Value Payable Per Item [in addition to Fixed Rental payment for each Item due on such date]</u>
31	73.50
32	72.03
33	70.54
34	69.03
35	67.49
36	65.92
37	64.31
38	62.69
39	61.05
40	59.37
41	57.67
42	55.94
43	54.20
44	52.42
45	50.62
46	48.80
47	46.96
48	45.09
49	43.19
50	41.28
51	39.34
52	37.39
53	35.40
54	33.39
55	31.37
56	29.31
57	27.24
58	25.13
59	20.00
	and thereafter