RECORDATION NO. 8987 Filed & Recorded
SEP 9 1977 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

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INTERSTATE COMMERCE COMMISSION
SEP 9 1 37 PM '77
I. C. C.
FEE OPERATION BR.

CRAVATH, SWAINE & MOORE

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RECORDATION NO. 8987 Filed & Recorded
SEP 9 1977 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

7-252-081
Date SEP 9 1977
Fee $ 100
ICC Washington, D. C.

September 5, 1977

RECORDATION NO. 8987-B Filed & Recorded
SEP 9 1977 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 8987-A Filed & Recorded
SEP 9 1977 - 1 45 PM
INTERSTATE COMMERCE COMMISSION

Dear Sir:

Herewith for recordation pursuant to Section 20c of the Interstate Commerce Act, on behalf of International Minerals & Chemical Corporation, are counterparts of the following:

(1) Conditional Sale Agreement dated as of August 1, 1977, between The Connecticut Bank and Trust Company, as trustee, vendee, and each of ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation, as builders, vendor.

(2) Lease of Railroad Equipment dated as of August 1, 1977, between International Minerals & Chemical Corporation, as lessee, and The Connecticut Bank and Trust Company, as trustee, lessor.

(3) Assignment of Lease and Agreement dated as of August 1, 1977, between The Connecticut Bank and Trust Company, as trustee, lessor, vendee, and First Security Bank of Utah, National Association, as agent, vendor.

(4) Agreement and Assignment dated as of August 1, 1977, between each of ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation, as builders, and First Security Bank of Utah, as agent, assignee.

The addresses of the parties to the aforementioned agreements are:

Trustee-Vendee-Lessor:

The Connecticut Bank and Trust Company,
One Constitution Plaza,
Hartford, Connecticut 06115.

Builders-Vendor:

ACF Industries, Incorporated,
750 Third Avenue,
New York, N. Y. 10017.

General American Transportation Corporation,
222 South Riverside Plaza,
Chicago, Illinois 60606.

North American Car Corporation,
222 South Riverside Plaza,
Chicago, Illinois 60606.

Lessee:

International Minerals & Chemical Corporation,
IMC Plaza,
Libertyville, Illinois 60048.

Agent-Vendor-Assignee:

First Security Bank of Utah,
National Association,
79 South Main Street,
Salt Lake City, Utah 84125.

The equipment covered by the aforementioned agreements consists of 30 100-ton roller bearing 33,600 gallon tank cars, 40 100-ton roller bearing 33,500 gallon tank cars and 30 100-ton roller bearing 34,000 gallon tank cars bearing the road numbers of the lessee IMCX 2800 through 2829, IMCX 2700 through 2739 and IMCX 2900 through 2929, and also bearing the legend "Ownership subject to a security agreement filed under the Interstate Commerce Act, Section 20c".

Enclosed is our check for $100 for the required recordation fee. Please accept for recordation one counterpart of each of the enclosed agreements, stamp the remaining

counterparts with your recordation number and return them to the delivering messenger along with your fee receipt, addressed to the undersigned.

Very truly yours,

Laurance V. Goodrich

Laurance V. Goodrich

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

Encls.

26

BY HAND

9/9/77

Interstate Commerce Commission
Washington, D.C. 20423

OFFICE OF THE SECRETARY

Laurance V. Goodrich
Cravath , Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear
Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 9/9/77 at 1:45pm, and assigned recordation number(s)

8987
8987-A
8987-B
8987-C

Sincerely yours,

H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

RECORDATION NO. 8987 Filed & Recorded

SEP 9 1977 1 45 PM

INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1977

between

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee under a Trust Agreement dated as of the date hereof with American Road Equity Corporation

and
each of

ACF INDUSTRIES, INCORPORATED

GENERAL AMERICAN TRANSPORTATION CORPORATION

NORTH AMERICAN CAR CORPORATION

CONDITIONAL SALE AGREEMENT dated as of August 1, 1977, between each of ACF INDUSTRIES, INCORPORATED, GENERAL AMERICAN TRANSPORTATION CORPORATION and NORTH AMERICAN CAR CORPORATION (hereinafter called collectively the Builders or severally the Builder, or collectively or severally the Vendor, as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, acting as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION, as beneficial owner (said bank, when acting in such capacity, being hereinafter called the Vendee and said owner being hereinafter called the Beneficiary).

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with International Minerals & Chemical Corporation (hereinafter called the Lessee) in substantially the form annexed hereto as Annex C (hereinafter called the Lease); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the Assignee or the Vendor), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Vendee, the Lessee, the Beneficiary and the parties named in the Schedules thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the

third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between each of the Builders and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder or Builders, as the context may require, which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any Builder or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment) and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from such

Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that a Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless such Builder shall have been notified by the Assignee that the conditions contained in Paragraph 7 of the Participation Agreement have been met, and such Builder shall have been notified by the Vendee that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 4 of Annex A hereto.

Any Equipment not delivered as a result of the first paragraph of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to December 14, 1977, by reason of a failure of condition as provided in the

preceding paragraph or as provided in the next paragraph or otherwise, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

Each Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each such unit at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in such Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder of such Equipment (and any assignee of such Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such

aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid) and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date (not earlier than August 1, 1977, and not later than December 14, 1977, such later date being herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder of such group to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by such Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Detroit, Michigan, Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 32% of the aggregate Purchase Price of such Group plus (ii) the amount (hereinafter called the Excess Amount), if any, by which (x) 68% of the Purchase Price of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 5 of Annex A plus any Excess Amount or Amounts previously paid by the Vendee; and

(b) in 68 quarterannual instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on each March 15, June 15, September 15 and December 15, commencing March 15, 1978, to and including December 15, 1994 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 8.4% per annum. Such interest shall be payable, to the extent accrued, on December 15, 1977, and on each Payment Date thereafter. The instalments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such instalments of principal will completely amortize the remaining Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on December 15, 1977, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 9.4% per annum.

All payments provided for in this Agreement shall be made in immediately available or Federal funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except in the event of a Casualty

Occurrence as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

Each Builder shall furnish to the Vendee the documents required to be furnished by such Builder pursuant to Section 4 of the Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is understood and agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no

event include (x) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except to the extent that the Vendee is obligated to indemnify the Vendor under Articles 6 and 13 hereof) or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or

action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as

provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee 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 reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal

due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Conditional Sale Indebtedness in respect of such unit bears to the aggregate original Conditional Sale Indebtedness in respect of the Equipment.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and main-

tained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 agreement filed under the Interstate Commerce Act, Section 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practica-

ble, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment 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 Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of such Equipment and the use thereof, but

only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the Conditional Sale Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, the Beneficiary or their successors or assigns, not arising out of the

transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by such Builder, or out of any breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by such Builder, and articles and materials specified by the Lessee and not manufactured by such Builder, each Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Vendee likewise will indemnify, protect and hold harmless each Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by such Builder, or article or material specified by the Lessee and not manufactured by such Builder, which infringes or is claimed to infringe on any patent or other right. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by such Builder

in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and each Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendee will give notice to any Builder of any claim known to the Vendee on the basis of which liability may be charged against such Builder hereunder.

Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builders' warranties of material and workmanship is set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time, provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least $50,000,000. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in

Article 13 hereof, or relieve the Vendee of its respective obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by such Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement or of the Lessee under the Lease and the Consent shall not have been and shall not continue to 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 Vendee or the Lessee, as the case may be, or for their respective property 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 30 days after such appointment, if any, or 60 days after

such proceedings shall have been commenced, whichever shall be earlier; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease except that a default by the Lessee in making not more than two consecutive rental payments under the Lease shall not constitute a default hereunder if the Vendee is not otherwise in default under this Agreement.

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any

property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic

and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its subsidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second pro-

viso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other dis-

position, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies

shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements

at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with

respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer,

(c) to each Builder, at its respective address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at The American Road, Dearborn, Michigan 48121, attention of Vice President--CIR Financing,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at com-

mon law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary on account of any representation, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Partici-

pation Agreement and the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by Dean A. Burns
Vice President

[Corporate Seal]

Attest:
R. Montgomery
Assistant Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

[Corporate Seal] _____ Chairman of the Board

Attest:

_____
Assistant Secretary

NORTH AMERICAN CAR CORPORATION,

by

[Corporate Seal] _____ Vice President

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

by _____

F. W. Kawam, Vice President

[Seal]

Attest:

_____
Authorized Officer

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this 6th day of September 1977, before me personally appeared IVAN A. BURNS, to me personally known, who being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, 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.

Edwin F. Meyer
Notary Public

EDWIN F. MEYER
NOTARY PUBLIC, State of New York
No. 30-7917803
Qualified in Nassau County
Certificate filed in New York County
Commission Expires March 30, 1978

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is Chairman of the Board of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said company, that said instrument was signed and sealed on behalf of said company 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 company.

_____
Notary Public

STATE OF CONNECTICUT,)
) ss.: HARTFORD
COUNTY OF HARTFORD ,)

The foregoing instrument was acknowledged before me this 9th day of September 1977, by an VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

Barbara S. Kacich

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness Payable in Instalments from March 15, 1978, Through December 15, 1994

Date	Principal Balance*	Interest Payment**	Principal Recovery	Payment
12/15/77	$1,000,000.00	**	--	**
3/15/78	992,441.19	$21,000.00	$ 7,558.81	$28,558.81
6/15/78	984,723.64	20,841.26	7,717.55	28,558.81
9/15/78	976,844.03	20,679.20	7,879.61	28,558.81
12/15/78	968,798.94	20,513.72	8,045.09	28,558.81
3/15/79	960,584.91	20,344.78	8,214.03	28,558.81
6/15/79	952,198.38	20,172.28	8,386.53	28,558.81
9/15/79	943,635.74	19,996.17	8,562.64	28,558.81
12/15/79	934,893.28	19,816.35	8,742.46	28,558.81
3/15/80	925,967.23	19,632.76	8,926.05	28,558.81
6/15/80	916,853.73	19,445.31	9,113.50	28,558.81
9/15/80	907,548.85	19,253.93	9,304.88	28,558.81
12/15/80	898,048.57	19,058.53	9,500.28	28,558.81
3/15/81	888,348.78	18,859.02	9,699.79	28,558.81
6/15/81	878,445.29	18,655.32	9,903.49	28,558.81
9/15/81	868,333.83	18,447.35	10,111.46	28,558.81
12/15/81	858,010.03	18,235.01	10,323.80	28,558.81
3/15/82	847,469.43	18,018.21	10,540.60	28,558.81
6/15/82	836,707.48	17,796.86	10,761.95	28,558.81
9/15/82	825,719.53	17,570.86	10,987.95	28,558.81
12/15/82	814,500.83	17,340.11	11,218.70	28,558.81
3/15/83	803,046.54	17,104.52	11,454.29	28,558.81
6/15/83	791,351.71	16,863.98	11,694.83	28,558.81
9/15/83	779,411.29	16,618.39	11,940.42	28,558.81
12/15/83	767,220.12	16,367.64	12,191.17	28,558.81
3/15/84	754,772.93	16,111.62	12,447.19	28,558.81
6/15/84	742,064.35	15,850.23	12,708.58	28,558.81
9/15/84	729,088.89	15,583.35	12,975.46	28,558.81
12/15/84	715,840.95	15,310.87	13,247.94	28,558.81

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* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the Conditional Sale Agreement.

Date	Principal Balance	Interest Payment	Principal Recovery	Payment
3/15/85	$ 702,314.80	$15,032.66	$13,526.15	$28,558.81
6/15/85	688,504.60	14,748.61	13,810.20	28,558.81
9/15/85	674,404.39	14,458.60	14,100.21	28,558.81
12/15/85	660,008.07	14,162.49	14,396.32	28,558.81
3/15/86	645,309.43	13,860.17	14,698.64	28,558.81
6/15/86	630,302.12	13,551.50	15,007.31	28,558.81
9/15/86	614,979.65	13,236.34	15,322.47	28,558.81
12/15/86	599,335.41	12,914.57	15,644.24	28,558.81
3/15/87	586,010.79	12,586.04	13,324.62	25,910.66
6/15/87	572,406.36	12,306.23	13,604.43	25,910.66
9/15/87	558,516.23	12,020.53	13,890.13	25,910.66
12/15/87	544,334.41	11,728.84	14,181.82	25,910.66
3/15/88	529,854.77	11,431.02	14,479.64	25,910.66
6/15/88	515,071.06	11,126.95	14,783.71	25,910.66
9/15/88	499,976.89	10,816.49	15,094.17	25,910.66
12/15/88	484,565.74	10,499.51	15,411.15	25,910.66
3/15/89	468,830.96	10,175.88	15,734.78	25,910.66
6/15/89	452,765.75	9,845.45	16,065.21	25,910.66
9/15/89	436,363.17	9,508.08	16,402.58	25,910.66
12/15/89	419,616.14	9,163.63	16,747.03	25,910.66
3/15/90	402,517.42	8,811.94	17,098.72	25,910.66
6/15/90	385,059.63	8,452.87	17,457.79	25,910.66
9/15/90	367,235.22	8,086.25	17,824.41	25,910.66
12/15/90	349,036.50	7,711.94	18,198.72	25,910.66
3/15/91	330,455.61	7,329.77	18,580.89	25,910.66
6/15/91	311,484.52	6,939.57	18,971.09	25,910.66
9/15/91	292,115.03	6,541.17	19,369.49	25,910.66
12/15/91	272,338.79	6,134.42	19,776.24	25,910.66
3/15/92	252,147.24	5,719.11	20,191.55	25,910.66
6/15/92	231,531.67	5,295.09	20,615.57	25,910.66
9/15/92	210,483.18	4,862.17	21,048.49	25,910.66
12/15/92	188,992.67	4,420.15	21,490.51	25,910.66
3/15/93	167,050.86	3,968.85	21,941.81	25,910.66
6/15/93	144,648.27	3,508.07	22,402.59	25,910.66
9/15/93	121,775.22	3,037.61	22,873.05	25,910.66
12/15/93	98,421.84	2,557.28	23,353.38	25,910.66
3/15/94	74,578.04	2,066.86	23,843.80	25,910.66
6/15/94	50,233.52	1,566.14	24,344.52	25,910.66
9/15/94	25,377.76	1,054.90	24,855.76	25,910.66
12/15/94	.00	532.90	25,377.76	25,910.66

ANNEX A
to
Conditional Sale Agreement

Item 1: (a) ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.

(b) General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Illinois 60606.

(c) North American Car Corporation, a Delaware corporation, 222 South Riverside Plaza, Chicago, Illinois 60606.

Item 2: The Equipment shall be settled for in not more than three Groups of units of Equipment delivered to and accepted by the Vendee, unless a greater number shall be agreed to by the parties hereto.

Item 3: Each Builder warrants that the Equipment built by it will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by such Builder) and workmanship under normal use and service, such Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to such Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which such Builder's examination shall disclose to its satisfaction to have been thus defective. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4, AND 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES,

AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $5,400,000.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $3,672,000.

ANNEX B
to
Conditional Sale Agreement

Builder	Type	Builder's Specifications	Builder's Plant	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	Lot No. 18-14294, AAR approval No. 771028, May 9, 1977	Milton, Pa.	30	$46,000	$1,380,000	IMCX 2800-2829	September-October 1977 Sterlington, La.
General American Transportation Corporation	100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	Building order No. 10050, Inquiry No. 7807, April 12, 1977	Masury, Ohio	40	46,000	1,840,000	IMCX 2700-2739	October-November 1977 Sterlington, La.
North American Car Corporation	100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	File No. 2273, April 12, 1977	Texarkana, Arkansas	30	46,000	1,380,000	IMCX 2900-2929	September-October 1977 Sterlington, La.
				100		$4,600,000		

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1977

among

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY

, as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1977, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION (hereinafter called the Beneficiary).

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), wherein the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Units);

WHEREAS each Builder is assigning its interests in the Security Documentation pursuant to an Agreement and Assignment (hereinafter called the Assignment) to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the Vendor), under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor, the Beneficiary and the Parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the Security Documentation at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the Consent);

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter

mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documentation, or against any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Documentation. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under

the Security Documentation. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the Security Documentation), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Documentation, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the last sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the Security Documentation are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the Security Documentation shall be null and void as to this Lease and ineffective to subject such Unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit subject to this Lease, 81 consecutive quarterannual payments on March 15, June 15, September 15 and December 15, in each year, commencing December 15, 1977. The rental payment due on December 15, 1977, shall be an amount equal to 0.0216% of the Purchase Price (as defined in the Security Documentation) of each Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the Security Documentation) for such Unit to and including the date of such payment. The next 68 quarterannual rental payments shall each be an amount equal to 1.9420% of the Purchase Price of each Unit then subject to this Lease and the last 12 quarterannual payments shall each be an amount equal to .9710% of the Purchase Price of each Unit then subject to this Lease. If, as a result of the provisions of subparagraph (a)(ii) of the third paragraph of Article 4 of the Participation Agreement, the Beneficiary is required to pay in excess of 32% of the Purchase Price of the Units, the quarterannual rental payments shall be adjusted to cause the Beneficiary's net after tax cash flows and rates of return to be at least the same as such cash flows and rates of return would have been had the Beneficiary paid only 32% of said Purchase Price.

If any of the quarterannual rental payment dates referred to above is not a business day the quarterannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Hartford, Connecticut, Detroit, Michigan, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation) and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the Security Documentation), together with interest and all other payments required by the Security Documentation, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the Security Documentation, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default under the Security Documentation shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but

not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation. If an event of default should occur under the Security Documentation, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly 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 AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

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 Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), 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; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) 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 (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; 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 is permitted by law and does not, in the reasonable opinion of the Lessor, adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor 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 directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the Security Documentation to any Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Documentation not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 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 and the Vendor in such Units. The Lessor will provide to the Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

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 § 6, 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 § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor 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, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the Security Documentation) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the

term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall have the right at its option, on at least 150 days' prior written notice to the Lessor, to terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than December 15, 1994, (ii) no Event of Default (or other event which after lapse of time of notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th day after the giving of such notice until the fifth business day preceding the termination date, the Lessee shall use its best efforts to obtain bids for the purchase of such Units, and the Lessee shall at least 5 business days prior to such termination date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such Units for cash to the bidder who shall have submitted the highest bid prior to the termination date. The total sales price realized at such sale shall be paid to the Lessor in immediately available funds on the termination date and, in addition, on the termination date the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessor in connection with such sale. If no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor

an amount equal to the Termination Value; provided, however, that the Lessee, on behalf of the Lessor, may attempt to sell the Units at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units on each rental payment date shall continue to and including the termination date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this § 7, other than to transfer or to cause to be transferred all of the Lessor's right, title and interest in and to such Units to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any sale pursuant to this § 7 shall be free and clear of all of the Lessee's rights to such Units, but otherwise shall be made without warranties other than against Lessor's acts.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date.

The Termination Value of each Unit shall be 20% of the Purchase Price of such Unit.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days prior notice to the Lessee and the Beneficiary of cancelation or the removal of the Lessor or the Beneficiary as named insureds and (ii) name the Lessor

and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1978, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Security Documentation have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR

PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executing, administrative or judicial body exercising any power of jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event

that prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called Removable Government Mandated Alterations) or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called Nonremovable Government Mandated Alterations), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations (including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated alterations are made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alterations may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(e) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or

rights of the Lessor or the Vendor under this Lease or under the Security Documentation. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to the lesser of (x) 30% of the Purchase Price of the Units and (y) the difference of $3 million and the aggregate amount payable to the Vendor pursuant to subparagraph (a) of the third paragraph of Article 4 of the Security Documentation.

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). All Removable Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof.

Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Documentation) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Security Documentation, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the Security Documentation; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the Conditional Sale Indebtedness (as defined in the Security Documentation) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in §§ 3, 7 or 13 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee, hereunder, under the Consent or under the Participation 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 Lease, the Consent or the Participation Agreement shall not have been and shall not continue to 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, or for the property of the Lessee, in connection with any such

proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an event of default set forth in Article 15 of the Security Documentation shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this 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 multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts which the Lessor, in its sole discretion, shall specify (x) a sum, with respect to each Unit, which represents

(A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sales value of such Unit at such time.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

Except as otherwise provided in this Lease and the Security Documentation, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the Security Documentation and any and all rights of the redemption.

The failure of the Lessor to exercise the rights granted it hereunder upon the 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its sub-

sidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the

rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the Security Documentation; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Equipment and any demurrage payments made with respect to the Equipment. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. 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 Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease for a term not exceeding 90 days, but only upon and subject to all the terms and conditions of this Lease and the Security Documentation; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to Service involving the regular operation and maintenance thereof outside the United States of America. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce and that any use thereof outside the United States of America will be de minimis.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six

months prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for two additional five-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that no such extended term extends beyond December 15, 2007, at the then "Fair Market Rental" payable in quarterannual payments on March 15, June 15, September 15 and December 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental 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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

The Lessor agrees that (provided that the Lessee has elected to extend the Lease for at least one extended term and that no default hereunder shall have occurred and be continuing) it will not sell the Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale, and the Lessee shall have had the opportunity to purchase all, but not less than all, of the Units relating to such sale at the same price. Such opportunity of the Lessee shall continue for a period of 20 business days, commencing on the date it receives such notice from the Lessor. The foregoing right of the Lessee shall expire 90 days after the termination of this Lease or any renewal thereof. Upon payment of the purchase price of each such Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor other than those to be paid by the Lessee hereunder.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original or, if the Lessee does not purchase the Units as provided in § 13 hereof, any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. 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, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any nonremovable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units 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 so to assemble, deliver, store and transport the Units. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds the

actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Security Documentation and the Assignment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documentation, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9 and 10 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at The American Road, Dearborn, Michigan 48121, attention

of Vice President-CIR Financing, and to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer.

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

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

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement; and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, undertaking or agreement of

said bank as Lessor, or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement.

§ 21. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in

equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by an of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of INTERNATIONAL MINERALS & CHEMICAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

Type	Quantity	Lessee's Road Numbers
100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2800-2829
100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	40	IMCX 2700-2739
100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2900-2929

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
December 15, 1977	104.22
March 15, 1978	104.66
June 15, 1978	105.24
Sept. 15, 1978	105.67
Dec. 15, 1978	106.05
March 15, 1979	106.38
June 15, 1979	106.64
Sept. 15, 1979	106.80
Dec. 15, 1979	106.92
March 15, 1980	106.98
June 15, 1980	106.99
Sept. 15, 1980	106.90
Dec. 15, 1980	106.77
March 15, 1981	99.78
June 15, 1981	99.55
Sept. 15, 1981	99.23
Dec. 15, 1981	98.86
March 15, 1982	98.45
June 15, 1982	97.98
Sept. 15, 1982	97.44
Dec. 15, 1982	96.86
March 15, 1983	89.43
June 15, 1983	88.75
Sept. 15, 1983	88.01
Dec. 15, 1983	87.23
March 15, 1984	86.41
June 15, 1984	85.54
Sept. 15, 1984	84.65
Dec. 15, 1984	83.73
March 15, 1985	75.98
June 15, 1985	75.01
Sept. 15, 1985	74.01
Dec. 15, 1985	72.98
March 15, 1986	71.93

* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
June 15, 1986	70.86
Sept. 15, 1986	69.76
Dec. 15, 1986	68.64
March 15, 1987	67.50
June 15, 1987	66.33
Sept. 15, 1987	65.14
Dec. 15, 1987	63.94
March 15, 1988	62.71
June 15, 1988	61.46
Sept. 15, 1988	60.19
Dec. 15, 1988	58.90
March 15, 1989	57.59
June 15, 1989	56.26
Sept. 15, 1989	54.92
Dec. 15, 1989	53.56
March 15, 1990	52.18
June 15, 1990	50.78
Sept. 15, 1990	49.37
Dec. 15, 1990	47.94
March 15, 1991	46.50
June 15, 1991	45.04
Sept. 15, 1991	43.59
Dec. 15, 1991	42.14
March 15, 1992	40.69
June 15, 1992	39.23
Sept. 15, 1992	37.80
Dec. 15, 1992	36.36
March 15, 1993	34.92
June 15, 1993	33.48
Sept. 15, 1993	32.07
Dec. 15, 1993	30.66
March 15, 1994	29.25
June 15, 1994	27.85
Sept. 15, 1994	26.48

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* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
Dec. 15, 1994	25.11
March 15, 1995	24.73
June 15, 1995	24.33
Sept. 15, 1995	23.95
Dec. 15, 1995	23.55
March 15, 1996	23.14
June 15, 1996	22.72
Sept. 15, 1996	22.29
Dec. 15, 1996	21.85
March 15, 1997	21.40
June 15, 1997	21.00
Sept. 15, 1997	20.73
Dec. 15, 1997	20.00
and thereafter	20.00

* As defined in the Security Documentation.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1977 (hereinafter called the Assignment), by and between THE CONNECTICUT BANK AND TRUST COMPANY (hereinafter called the Lessor or the Vendee), as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with American Road Equity Corporation (hereinafter called the Beneficiary), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in the Annexes thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment

and performance of the obligations of the Lessor as Vendee under the Security Documentation, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 6 of this Assignment) and (z) payments made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (hereinafter called the Consent) permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Documentation then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may

be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the Security Documentation and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become

entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the

Security Documentation, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the Security Documentation (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, undertaking or agreement of said

bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the Conditional Sale Agreement), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor, provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Documentation as long as there is no event of default under the Security Documentation, provided, however, that the Lessor may not terminate this Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by a of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national 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 national bank.

_____
Notary Public

[Notarial Seal]

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease, except to the extent that the Lessor is obligated to reimburse the Vendor under Articles 6 and 13 of the Security Documentation (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, to be applied as provided in the Security Documentation, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assigment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of the day of August 1977.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

_____
Authorized Officer

STATE OF ,)
) ss.:
CITY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of International Minerals & Chemical Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

_____
Notary Public

[Notarial Seal]

My Commission expires

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1977

between

THE CONNECTICUT BANK AND TRUST COMPANY, as
Trustee under a Trust Agreement dated as of
the date hereof with American Road Equity Corporation

and
each of

ACF INDUSTRIES, INCORPORATED

GENERAL AMERICAN TRANSPORTATION CORPORATION

NORTH AMERICAN CAR CORPORATION

CONDITIONAL SALE AGREEMENT dated as of August 1, 1977, between each of ACF INDUSTRIES, INCORPORATED, GENERAL AMERICAN TRANSPORTATION CORPORATION and NORTH AMERICAN CAR CORPORATION (hereinafter called collectively the Builders or severally the Builder, or collectively or severally the Vendor, as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, acting as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION, as beneficial owner (said bank, when acting in such capacity, being hereinafter called the Vendee and said owner being hereinafter called the Beneficiary).

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with International Minerals & Chemical Corporation (hereinafter called the Lessee) in substantially the form annexed hereto as Annex C (hereinafter called the Lease); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the Assignee or the Vendor), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Vendee, the Lessee, the Beneficiary and the parties named in the Schedules thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the

third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between each of the Builders and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder or Builders, as the context may require, which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any Builder or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment) and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from such

Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that a Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless such Builder shall have been notified by the Assignee that the conditions contained in Paragraph 7 of the Participation Agreement have been met, and such Builder shall have been notified by the Vendee that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 4 of Annex A hereto.

Any Equipment not delivered as a result of the first paragraph of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to December 14, 1977, by reason of a failure of condition as provided in the

preceding paragraph or as provided in the next paragraph or otherwise, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

Each Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each such unit at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in such Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder of such Equipment (and any assignee of such Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such

aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid) and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date (not earlier than August 1, 1977, and not later than December 14, 1977, such later date being herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder of such group to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by such Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Detroit, Michigan, Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 32% of the aggregate Purchase Price of such Group plus (ii) the amount (hereinafter called the Excess Amount), if any, by which (x) 68% of the Purchase Price of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 5 of Annex A plus any Excess Amount or Amounts previously paid by the Vendee; and

(b) in 68 quarterannual instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on each March 15, June 15, September 15 and December 15, commencing March 15, 1978, to and including December 15, 1994 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 8.4% per annum. Such interest shall be payable, to the extent accrued, on December 15, 1977, and on each Payment Date thereafter. The instalments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such instalments of principal will completely amortize the remaining Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on December 15, 1977, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 9.4% per annum.

All payments provided for in this Agreement shall be made in immediately available or Federal funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except in the event of a Casualty

Occurrence as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

Each Builder shall furnish to the Vendee the documents required to be furnished by such Builder pursuant to Section 4 of the Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is understood and agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no

event include (x) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except to the extent that the Vendee is obligated to indemnify the Vendor under Articles 6 and 13 hereof) or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or

action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as

provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee 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 reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal

due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Conditional Sale Indebtedness in respect of such unit bears to the aggregate original Conditional Sale Indebtedness in respect of the Equipment.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and main-

tained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 agreement filed under the Interstate Commerce Act, Section 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practica-

ble, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment 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 Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of such Equipment and the use thereof, but

only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the Conditional Sale Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, the Beneficiary or their successors or assigns, not arising out of the

transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by such Builder, or out of any breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by such Builder, and articles and materials specified by the Lessee and not manufactured by such Builder, each Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Vendee likewise will indemnify, protect and hold harmless each Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by such Builder, or article or material specified by the Lessee and not manufactured by such Builder, which infringes or is claimed to infringe on any patent or other right. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by such Builder

in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and each Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendee will give notice to any Builder of any claim known to the Vendee on the basis of which liability may be charged against such Builder hereunder.

Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builders' warranties of material and workmanship is set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time, provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least $50,000,000. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in

Article 13 hereof, or relieve the Vendee of its respective obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by such Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement or of the Lessee under the Lease and the Consent shall not have been and shall not continue to 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 Vendee or the Lessee, as the case may be, or for their respective property 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 30 days after such appointment, if any, or 60 days after

such proceedings shall have been commenced, whichever shall be earlier; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease except that a default by the Lessee in making not more than two consecutive rental payments under the Lease shall not constitute a default hereunder if the Vendee is not otherwise in default under this Agreement.

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any

property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic

and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its subsidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second pro-

viso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other dis-

position, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies

shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements

at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with

respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer,

(c) to each Builder, at its respective address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at The American Road, Dearborn, Michigan 48121, attention of Vice President--CIR Financing,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at com-

mon law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary on account of any representation, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Partici-

pation Agreement and the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

Chairman of the Board

[Corporate Seal]

Attest:

Assistant Secretary

NORTH AMERICAN CAR CORPORATION,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

by

F. W. Kawam, Vice President

[Seal]

Attest:

Authorized Officer

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, 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.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is Chairman of the Board of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 6 day of September 1977, before me personally appeared James F. Compton, to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said company, that said instrument was signed and sealed on behalf of said company 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 company.

Doris M Helekrandt
Notary Public

STATE OF CONNECTICUT,)
) ss.: HARTFORD
COUNTY OF HARTFORD ,)

The foregoing instrument was acknowledged before me this 9th day of September 1977, by an VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

Barbara S. Kacich

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness Payable in Instalments from March 15, 1978, Through December 15, 1994

Date	Principal Balance*	Interest Payment**	Principal Recovery	Payment
12/15/77	$1,000,000.00	**	--	**
3/15/78	992,441.19	$21,000.00	$ 7,558.81	$28,558.81
6/15/78	984,723.64	20,841.26	7,717.55	28,558.81
9/15/78	976,844.03	20,679.20	7,879.61	28,558.81
12/15/78	968,798.94	20,513.72	8,045.09	28,558.81
3/15/79	960,584.91	20,344.78	8,214.03	28,558.81
6/15/79	952,198.38	20,172.28	8,386.53	28,558.81
9/15/79	943,635.74	19,996.17	8,562.64	28,558.81
12/15/79	934,893.28	19,816.35	8,742.46	28,558.81
3/15/80	925,967.23	19,632.76	8,926.05	28,558.81
6/15/80	916,853.73	19,445.31	9,113.50	28,558.81
9/15/80	907,548.85	19,253.93	9,304.88	28,558.81
12/15/80	898,048.57	19,058.53	9,500.28	28,558.81
3/15/81	888,348.78	18,859.02	9,699.79	28,558.81
6/15/81	878,445.29	18,655.32	9,903.49	28,558.81
9/15/81	868,333.83	18,447.35	10,111.46	28,558.81
12/15/81	858,010.03	18,235.01	10,323.80	28,558.81
3/15/82	847,469.43	18,018.21	10,540.60	28,558.81
6/15/82	836,707.48	17,796.86	10,761.95	28,558.81
9/15/82	825,719.53	17,570.86	10,987.95	28,558.81
12/15/82	814,500.83	17,340.11	11,218.70	28,558.81
3/15/83	803,046.54	17,104.52	11,454.29	28,558.81
6/15/83	791,351.71	16,863.98	11,694.83	28,558.81
9/15/83	779,411.29	16,618.39	11,940.42	28,558.81
12/15/83	767,220.12	16,367.64	12,191.17	28,558.81
3/15/84	754,772.93	16,111.62	12,447.19	28,558.81
6/15/84	742,064.35	15,850.23	12,708.58	28,558.81
9/15/84	729,088.89	15,583.35	12,975.46	28,558.81
12/15/84	715,840.95	15,310.87	13,247.94	28,558.81

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* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the Conditional Sale Agreement.

Date	Principal Balance	Interest Payment	Principal Recovery	Payment
3/15/85	$ 702,314.80	$15,032.66	$13,526.15	$28,558.81
6/15/85	688,504.60	14,748.61	13,810.20	28,558.81
9/15/85	674,404.39	14,458.60	14,100.21	28,558.81
12/15/85	660,008.07	14,162.49	14,396.32	28,558.81
3/15/86	645,309.43	13,860.17	14,698.64	28,558.81
6/15/86	630,302.12	13,551.50	15,007.31	28,558.81
9/15/86	614,979.65	13,236.34	15,322.47	28,558.81
12/15/86	599,335.41	12,914.57	15,644.24	28,558.81
3/15/87	586,010.79	12,586.04	13,324.62	25,910.66
6/15/87	572,406.36	12,306.23	13,604.43	25,910.66
9/15/87	558,516.23	12,020.53	13,890.13	25,910.66
12/15/87	544,334.41	11,728.84	14,181.82	25,910.66
3/15/88	529,854.77	11,431.02	14,479.64	25,910.66
6/15/88	515,071.06	11,126.95	14,783.71	25,910.66
9/15/88	499,976.89	10,816.49	15,094.17	25,910.66
12/15/88	484,565.74	10,499.51	15,411.15	25,910.66
3/15/89	468,830.96	10,175.88	15,734.78	25,910.66
6/15/89	452,765.75	9,845.45	16,065.21	25,910.66
9/15/89	436,363.17	9,508.08	16,402.58	25,910.66
12/15/89	419,616.14	9,163.63	16,747.03	25,910.66
3/15/90	402,517.42	8,811.94	17,098.72	25,910.66
6/15/90	385,059.63	8,452.87	17,457.79	25,910.66
9/15/90	367,235.22	8,086.25	17,824.41	25,910.66
12/15/90	349,036.50	7,711.94	18,198.72	25,910.66
3/15/91	330,455.61	7,329.77	18,580.89	25,910.66
6/15/91	311,484.52	6,939.57	18,971.09	25,910.66
9/15/91	292,115.03	6,541.17	19,369.49	25,910.66
12/15/91	272,338.79	6,134.42	19,776.24	25,910.66
3/15/92	252,147.24	5,719.11	20,191.55	25,910.66
6/15/92	231,531.67	5,295.09	20,615.57	25,910.66
9/15/92	210,483.18	4,862.17	21,048.49	25,910.66
12/15/92	188,992.67	4,420.15	21,490.51	25,910.66
3/15/93	167,050.86	3,968.85	21,941.81	25,910.66
6/15/93	144,648.27	3,508.07	22,402.59	25,910.66
9/15/93	121,775.22	3,037.61	22,873.05	25,910.66
12/15/93	98,421.84	2,557.28	23,353.38	25,910.66
3/15/94	74,578.04	2,066.86	23,843.80	25,910.66
6/15/94	50,233.52	1,566.14	24,344.52	25,910.66
9/15/94	25,377.76	1,054.90	24,855.76	25,910.66
12/15/94	.00	532.90	25,377.76	25,910.66

ANNEX A
to
Conditional Sale Agreement

Item 1: (a) ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.

(b) General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Illinois 60606.

(c) North American Car Corporation, a Delaware corporation, 222 South Riverside Plaza, Chicago, Illinois 60606.

Item 2: The Equipment shall be settled for in not more than three Groups of units of Equipment delivered to and accepted by the Vendee, unless a greater number shall be agreed to by the parties hereto.

Item 3: Each Builder warrants that the Equipment built by it will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by such Builder) and workmanship under normal use and service, such Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to such Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which such Builder's examination shall disclose to its satisfaction to have been thus defective. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4, AND 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES,

AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $5,400,000.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $3,672,000.

ANNEX B
to
Conditional Sale Agreement

Builder	Type	Builder's Specifications	Builder's Plant	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	Lot No. 18-14294, AAR approval No. 771028, May 9, 1977	Milton, Pa.	30	$46,000	$1,380,000	IMCX 2800-2829	September-October 1977 Sterlington, La.
General American Transportation Corporation	100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	Building order No. 10050, Inquiry No. 7807, April 12, 1977	Masury, Ohio	40	46,000	1,840,000	IMCX 2700-2739	October-November 1977 Sterlington, La.
North American Car Corporation	100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	File No. 2273, April 12, 1977	Texarkana, Arkansas	30	46,000	1,380,000	IMCX 2900-2929	September-October 1977 Sterlington, La.
				100		$4,600,000		

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1977

among

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY

, as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1977, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION (hereinafter called the Beneficiary).

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), wherein the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Units);

WHEREAS each Builder is assigning its interests in the Security Documentation pursuant to an Agreement and Assignment (hereinafter called the Assignment) to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the Vendor), under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor, the Beneficiary and the Parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the Security Documentation at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the Consent);

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter

mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documentation, or against any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Documentation. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under

the Security Documentation. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the Security Documentation), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Documentation, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the last sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the Security Documentation are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the Security Documentation shall be null and void as to this Lease and ineffective to subject such Unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit subject to this Lease, 81 consecutive quarterannual payments on March 15, June 15, September 15 and December 15, in each year, commencing December 15, 1977. The rental payment due on December 15, 1977, shall be an amount equal to 0.0216% of the Purchase Price (as defined in the Security Documentation) of each Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the Security Documentation) for such Unit to and including the date of such payment. The next 68 quarterannual rental payments shall each be an amount equal to 1.9420% of the Purchase Price of each Unit then subject to this Lease and the last 12 quarterannual payments shall each be an amount equal to .9710% of the Purchase Price of each Unit then subject to this Lease. If, as a result of the provisions of subparagraph (a)(ii) of the third paragraph of Article 4 of the Participation Agreement, the Beneficiary is required to pay in excess of 32% of the Purchase Price of the Units, the quarterannual rental payments shall be adjusted to cause the Beneficiary's net after tax cash flows and rates of return to be at least the same as such cash flows and rates of return would have been had the Beneficiary paid only 32% of said Purchase Price.

If any of the quarterannual rental payment dates referred to above is not a business day the quarterannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Hartford, Connecticut, Detroit, Michigan, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation) and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the Security Documentation), together with interest and all other payments required by the Security Documentation, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the Security Documentation, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default under the Security Documentation shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but

not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation. If an event of default should occur under the Security Documentation, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly 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 AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

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 Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), 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; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) 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 (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; 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 is permitted by law and does not, in the reasonable opinion of the Lessor, adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor 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 directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the Security Documentation to any Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Documentation not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 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 and the Vendor in such Units. The Lessor will provide to the Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

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 § 6, 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 § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor 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, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the Security Documentation) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the

term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall have the right at its option, on at least 150 days' prior written notice to the Lessor, to terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than December 15, 1994, (ii) no Event of Default (or other event which after lapse of time of notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th day after the giving of such notice until the fifth business day preceding the termination date, the Lessee shall use its best efforts to obtain bids for the purchase of such Units, and the Lessee shall at least 5 business days prior to such termination date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such Units for cash to the bidder who shall have submitted the highest bid prior to the termination date. The total sales price realized at such sale shall be paid to the Lessor in immediately available funds on the termination date and, in addition, on the termination date the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessor in connection with such sale. If no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor

an amount equal to the Termination Value; provided, however, that the Lessee, on behalf of the Lessor, may attempt to sell the Units at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units on each rental payment date shall continue to and including the termination date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this § 7, other than to transfer or to cause to be transferred all of the Lessor's right, title and interest in and to such Units to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any sale pursuant to this § 7 shall be free and clear of all of the Lessee's rights to such Units, but otherwise shall be made without warranties other than against Lessor's acts.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date.

The Termination Value of each Unit shall be 20% of the Purchase Price of such Unit.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days prior notice to the Lessee and the Beneficiary of cancelation or the removal of the Lessor or the Beneficiary as named insureds and (ii) name the Lessor

and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1978, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Security Documentation have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR

PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executing, administrative or judicial body exercising any power of jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event

that prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called Removable Government Mandated Alterations) or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called Nonremovable Government Mandated Alterations), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations (including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated alterations are made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alterations may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(e) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or

rights of the Lessor or the Vendor under this Lease or under the Security Documentation. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to the lesser of (x) 30% of the Purchase Price of the Units and (y) the difference of $3 million and the aggregate amount payable to the Vendor pursuant to subparagraph (a) of the third paragraph of Article 4 of the Security Documentation.

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). All Removable Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof.

Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Documentation) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Security Documentation, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the Security Documentation; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the Conditional Sale Indebtedness (as defined in the Security Documentation) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in §§ 3, 7 or 13 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee, hereunder, under the Consent or under the Participation 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 Lease, the Consent or the Participation Agreement shall not have been and shall not continue to 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, or for the property of the Lessee, in connection with any such

proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an event of default set forth in Article 15 of the Security Documentation shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this 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 multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts which the Lessor, in its sole discretion, shall specify (x) a sum, with respect to each Unit, which represents

(A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sales value of such Unit at such time.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

Except as otherwise provided in this Lease and the Security Documentation, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the Security Documentation and any and all rights of the redemption.

The failure of the Lessor to exercise the rights granted it hereunder upon the 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its sub-

sidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the

rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the Security Documentation; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Equipment and any demurrage payments made with respect to the Equipment. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. 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 Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease for a term not exceeding 90 days, but only upon and subject to all the terms and conditions of this Lease and the Security Documentation; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to Service involving the regular operation and maintenance thereof outside the United States of America. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce and that any use thereof outside the United States of America will be de minimis.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six

months prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for two additional five-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that no such extended term extends beyond December 15, 2007, at the then "Fair Market Rental" payable in quarterannual payments on March 15, June 15, September 15 and December 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental 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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

The Lessor agrees that (provided that the Lessee has elected to extend the Lease for at least one extended term and that no default hereunder shall have occurred and be continuing) it will not sell the Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale, and the Lessee shall have had the opportunity to purchase all, but not less than all, of the Units relating to such sale at the same price. Such opportunity of the Lessee shall continue for a period of 20 business days, commencing on the date it receives such notice from the Lessor. The foregoing right of the Lessee shall expire 90 days after the termination of this Lease or any renewal thereof. Upon payment of the purchase price of each such Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor other than those to be paid by the Lessee hereunder.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original or, if the Lessee does not purchase the Units as provided in § 13 hereof, any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. 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, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any nonremovable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units 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 so to assemble, deliver, store and transport the Units. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds the

actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Security Documentation and the Assignment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documentation, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9 and 10 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at The American Road, Dearborn, Michigan 48121, attention

of Vice President-CIR Financing, and to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer.

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

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

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement; and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, undertaking or agreement of

said bank as Lessor, or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement.

§ 21. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in

equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by an of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of INTERNATIONAL MINERALS & CHEMICAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

Type	Quantity	Lessee's Road Numbers
100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2800-2829
100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	40	IMCX 2700-2739
100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2900-2929

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
December 15, 1977	104.22
March 15, 1978	104.66
June 15, 1978	105.24
Sept. 15, 1978	105.67
Dec. 15, 1978	106.05
March 15, 1979	106.38
June 15, 1979	106.64
Sept. 15, 1979	106.80
Dec. 15, 1979	106.92
March 15, 1980	106.98
June 15, 1980	106.99
Sept. 15, 1980	106.90
Dec. 15, 1980	106.77
March 15, 1981	99.78
June 15, 1981	99.55
Sept. 15, 1981	99.23
Dec. 15, 1981	98.86
March 15, 1982	98.45
June 15, 1982	97.98
Sept. 15, 1982	97.44
Dec. 15, 1982	96.86
March 15, 1983	89.43
June 15, 1983	88.75
Sept. 15, 1983	88.01
Dec. 15, 1983	87.23
March 15, 1984	86.41
June 15, 1984	85.54
Sept. 15, 1984	84.65
Dec. 15, 1984	83.73
March 15, 1985	75.98
June 15, 1985	75.01
Sept. 15, 1985	74.01
Dec. 15, 1985	72.98
March 15, 1986	71.93

* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
June 15, 1986	70.86
Sept. 15, 1986	69.76
Dec. 15, 1986	68.64
March 15, 1987	67.50
June 15, 1987	66.33
Sept. 15, 1987	65.14
Dec. 15, 1987	63.94
March 15, 1988	62.71
June 15, 1988	61.46
Sept. 15, 1988	60.19
Dec. 15, 1988	58.90
March 15, 1989	57.59
June 15, 1989	56.26
Sept. 15, 1989	54.92
Dec. 15, 1989	53.56
March 15, 1990	52.18
June 15, 1990	50.78
Sept. 15, 1990	49.37
Dec. 15, 1990	47.94
March 15, 1991	46.50
June 15, 1991	45.04
Sept. 15, 1991	43.59
Dec. 15, 1991	42.14
March 15, 1992	40.69
June 15, 1992	39.23
Sept. 15, 1992	37.80
Dec. 15, 1992	36.36
March 15, 1993	34.92
June 15, 1993	33.48
Sept. 15, 1993	32.07
Dec. 15, 1993	30.66
March 15, 1994	29.25
June 15, 1994	27.85
Sept. 15, 1994	26.48

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* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
Dec. 15, 1994	25.11
March 15, 1995	24.73
June 15, 1995	24.33
Sept. 15, 1995	23.95
Dec. 15, 1995	23.55
March 15, 1996	23.14
June 15, 1996	22.72
Sept. 15, 1996	22.29
Dec. 15, 1996	21.85
March 15, 1997	21.40
June 15, 1997	21.00
Sept. 15, 1997	20.73
Dec. 15, 1997	20.00
and thereafter	20.00

* As defined in the Security Documentation.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1977 (hereinafter called the Assignment), by and between THE CONNECTICUT BANK AND TRUST COMPANY (hereinafter called the Lessor or the Vendee), as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with American Road Equity Corporation (hereinafter called the Beneficiary), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in the Annexes thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment

and performance of the obligations of the Lessor as Vendee under the Security Documentation, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 6 of this Assignment) and (z) payments made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (hereinafter called the Consent) permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Documentation then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may

be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the Security Documentation and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become

entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the

Security Documentation, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the Security Documentation (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, undertaking or agreement of said

bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the Conditional Sale Agreement), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor, provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Documentation as long as there is no event of default under the Security Documentation, provided, however, that the Lessor may not terminate this Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by a of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national 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 national bank.

_____
Notary Public

[Notarial Seal]

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease, except to the extent that the Lessor is obligated to reimburse the Vendor under Articles 6 and 13 of the Security Documentation (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, to be applied as provided in the Security Documentation, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assigment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of the day of August 1977.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

_____
Authorized Officer

STATE OF ,)
) ss.:
CITY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of International Minerals & Chemical Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

_____
Notary Public

[Notarial Seal]

My Commission expires

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1977

between

THE CONNECTICUT BANK AND TRUST COMPANY, as
Trustee under a Trust Agreement dated as of
the date hereof with American Road Equity Corporation

and
each of

ACF INDUSTRIES, INCORPORATED

GENERAL AMERICAN TRANSPORTATION CORPORATION

NORTH AMERICAN CAR CORPORATION

CONDITIONAL SALE AGREEMENT dated as of August 1, 1977, between each of ACF INDUSTRIES, INCORPORATED, GENERAL AMERICAN TRANSPORTATION CORPORATION and NORTH AMERICAN CAR CORPORATION (hereinafter called collectively the Builders or severally the Builder, or collectively or severally the Vendor, as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, acting as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION, as beneficial owner (said bank, when acting in such capacity, being hereinafter called the Vendee and said owner being hereinafter called the Beneficiary).

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with International Minerals & Chemical Corporation (hereinafter called the Lessee) in substantially the form annexed hereto as Annex C (hereinafter called the Lease); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the Assignee or the Vendor), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Vendee, the Lessee, the Beneficiary and the parties named in the Schedules thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the

third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between each of the Builders and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder or Builders, as the context may require, which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any Builder or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment) and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from such

Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that a Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless such Builder shall have been notified by the Assignee that the conditions contained in Paragraph 7 of the Participation Agreement have been met, and such Builder shall have been notified by the Vendee that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 4 of Annex A hereto.

Any Equipment not delivered as a result of the first paragraph of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to December 14, 1977, by reason of a failure of condition as provided in the

preceding paragraph or as provided in the next paragraph or otherwise, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

Each Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each such unit at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in such Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder of such Equipment (and any assignee of such Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such

aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid) and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date (not earlier than August 1, 1977, and not later than December 14, 1977, such later date being herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder of such group to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by such Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Detroit, Michigan, Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 32% of the aggregate Purchase Price of such Group plus (ii) the amount (hereinafter called the Excess Amount), if any, by which (x) 68% of the Purchase Price of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 5 of Annex A plus any Excess Amount or Amounts previously paid by the Vendee; and

(b) in 68 quarterannual instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on each March 15, June 15, September 15 and December 15, commencing March 15, 1978, to and including December 15, 1994 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 8.4% per annum. Such interest shall be payable, to the extent accrued, on December 15, 1977, and on each Payment Date thereafter. The instalments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such instalments of principal will completely amortize the remaining Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on December 15, 1977, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 9.4% per annum.

All payments provided for in this Agreement shall be made in immediately available or Federal funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except in the event of a Casualty

Occurrence as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

Each Builder shall furnish to the Vendee the documents required to be furnished by such Builder pursuant to Section 4 of the Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is understood and agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no

event include (x) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except to the extent that the Vendee is obligated to indemnify the Vendor under Articles 6 and 13 hereof) or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or

action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as

provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee 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 reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal

due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Conditional Sale Indebtedness in respect of such unit bears to the aggregate original Conditional Sale Indebtedness in respect of the Equipment.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and main-

tained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 agreement filed under the Interstate Commerce Act, Section 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practica-

ble, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment 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 Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of such Equipment and the use thereof, but

only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the Conditional Sale Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, the Beneficiary or their successors or assigns, not arising out of the

transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by such Builder, or out of any breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by such Builder, and articles and materials specified by the Lessee and not manufactured by such Builder, each Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Vendee likewise will indemnify, protect and hold harmless each Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by such Builder, or article or material specified by the Lessee and not manufactured by such Builder, which infringes or is claimed to infringe on any patent or other right. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by such Builder

in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and each Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendee will give notice to any Builder of any claim known to the Vendee on the basis of which liability may be charged against such Builder hereunder.

Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builders' warranties of material and workmanship is set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time, provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least $50,000,000. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in

Article 13 hereof, or relieve the Vendee of its respective obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by such Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement or of the Lessee under the Lease and the Consent shall not have been and shall not continue to 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 Vendee or the Lessee, as the case may be, or for their respective property 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 30 days after such appointment, if any, or 60 days after

such proceedings shall have been commenced, whichever shall be earlier; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease except that a default by the Lessee in making not more than two consecutive rental payments under the Lease shall not constitute a default hereunder if the Vendee is not otherwise in default under this Agreement.

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any

property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic

and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its subsidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second pro-

viso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other dis-

position, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies

shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements

at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with

respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer,

(c) to each Builder, at its respective address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at The American Road, Dearborn, Michigan 48121, attention of Vice President--CIR Financing,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at com-

mon law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary on account of any representation, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Partici-

pation Agreement and the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

Chairman of the Board

[Corporate Seal]

Attest:

Assistant Secretary

NORTH AMERICAN CAR CORPORATION,

by

Vice President

[Corporate Seal]

Attest:

Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

by

E. W. Kawam, Vice President

[Seal]

Attest:

Authorized Officer

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, 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.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this 7TH day of September 1977, before me personally appeared C. E. COYL, to me personally known, who being by me duly sworn, says that he is Chairman of the Board of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Dolores A. Zajachkowski
Notary Public

My Commission expires Dec. 29, 1977

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said company, that said instrument was signed and sealed on behalf of said company 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 company.

_____
Notary Public

STATE OF CONNECTICUT,)
) ss.: HARTFORD
COUNTY OF HARTFORD ,)

The foregoing instrument was acknowledged before me this 9th day of September 1977, by an VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

Barbara S. Kacich

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness Payable in Instalments from March 15, 1978, Through December 15, 1994

Date	Principal Balance*	Interest Payment**	Principal Recovery	Payment
12/15/77	$1,000,000.00	**	--	**
3/15/78	992,441.19	$21,000.00	$ 7,558.81	$28,558.81
6/15/78	984,723.64	20,841.26	7,717.55	28,558.81
9/15/78	976,844.03	20,679.20	7,879.61	28,558.81
12/15/78	968,798.94	20,513.72	8,045.09	28,558.81
3/15/79	960,584.91	20,344.78	8,214.03	28,558.81
6/15/79	952,198.38	20,172.28	8,386.53	28,558.81
9/15/79	943,635.74	19,996.17	8,562.64	28,558.81
12/15/79	934,893.28	19,816.35	8,742.46	28,558.81
3/15/80	925,967.23	19,632.76	8,926.05	28,558.81
6/15/80	916,853.73	19,445.31	9,113.50	28,558.81
9/15/80	907,548.85	19,253.93	9,304.88	28,558.81
12/15/80	898,048.57	19,058.53	9,500.28	28,558.81
3/15/81	888,348.78	18,859.02	9,699.79	28,558.81
6/15/81	878,445.29	18,655.32	9,903.49	28,558.81
9/15/81	868,333.83	18,447.35	10,111.46	28,558.81
12/15/81	858,010.03	18,235.01	10,323.80	28,558.81
3/15/82	847,469.43	18,018.21	10,540.60	28,558.81
6/15/82	836,707.48	17,796.86	10,761.95	28,558.81
9/15/82	825,719.53	17,570.86	10,987.95	28,558.81
12/15/82	814,500.83	17,340.11	11,218.70	28,558.81
3/15/83	803,046.54	17,104.52	11,454.29	28,558.81
6/15/83	791,351.71	16,863.98	11,694.83	28,558.81
9/15/83	779,411.29	16,618.39	11,940.42	28,558.81
12/15/83	767,220.12	16,367.64	12,191.17	28,558.81
3/15/84	754,772.93	16,111.62	12,447.19	28,558.81
6/15/84	742,064.35	15,850.23	12,708.58	28,558.81
9/15/84	729,088.89	15,583.35	12,975.46	28,558.81
12/15/84	715,840.95	15,310.87	13,247.94	28,558.81

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* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the Conditional Sale Agreement.

Date	Principal Balance	Interest Payment	Principal Recovery	Payment
3/15/85	$ 702,314.80	$15,032.66	$13,526.15	$28,558.81
6/15/85	688,504.60	14,748.61	13,810.20	28,558.81
9/15/85	674,404.39	14,458.60	14,100.21	28,558.81
12/15/85	660,008.07	14,162.49	14,396.32	28,558.81
3/15/86	645,309.43	13,860.17	14,698.64	28,558.81
6/15/86	630,302.12	13,551.50	15,007.31	28,558.81
9/15/86	614,979.65	13,236.34	15,322.47	28,558.81
12/15/86	599,335.41	12,914.57	15,644.24	28,558.81
3/15/87	586,010.79	12,586.04	13,324.62	25,910.66
6/15/87	572,406.36	12,306.23	13,604.43	25,910.66
9/15/87	558,516.23	12,020.53	13,890.13	25,910.66
12/15/87	544,334.41	11,728.84	14,181.82	25,910.66
3/15/88	529,854.77	11,431.02	14,479.64	25,910.66
6/15/88	515,071.06	11,126.95	14,783.71	25,910.66
9/15/88	499,976.89	10,816.49	15,094.17	25,910.66
12/15/88	484,565.74	10,499.51	15,411.15	25,910.66
3/15/89	468,830.96	10,175.88	15,734.78	25,910.66
6/15/89	452,765.75	9,845.45	16,065.21	25,910.66
9/15/89	436,363.17	9,508.08	16,402.58	25,910.66
12/15/89	419,616.14	9,163.63	16,747.03	25,910.66
3/15/90	402,517.42	8,811.94	17,098.72	25,910.66
6/15/90	385,059.63	8,452.87	17,457.79	25,910.66
9/15/90	367,235.22	8,086.25	17,824.41	25,910.66
12/15/90	349,036.50	7,711.94	18,198.72	25,910.66
3/15/91	330,455.61	7,329.77	18,580.89	25,910.66
6/15/91	311,484.52	6,939.57	18,971.09	25,910.66
9/15/91	292,115.03	6,541.17	19,369.49	25,910.66
12/15/91	272,338.79	6,134.42	19,776.24	25,910.66
3/15/92	252,147.24	5,719.11	20,191.55	25,910.66
6/15/92	231,531.67	5,295.09	20,615.57	25,910.66
9/15/92	210,483.18	4,862.17	21,048.49	25,910.66
12/15/92	188,992.67	4,420.15	21,490.51	25,910.66
3/15/93	167,050.86	3,968.85	21,941.81	25,910.66
6/15/93	144,648.27	3,508.07	22,402.59	25,910.66
9/15/93	121,775.22	3,037.61	22,873.05	25,910.66
12/15/93	98,421.84	2,557.28	23,353.38	25,910.66
3/15/94	74,578.04	2,066.86	23,843.80	25,910.66
6/15/94	50,233.52	1,566.14	24,344.52	25,910.66
9/15/94	25,377.76	1,054.90	24,855.76	25,910.66
12/15/94	.00	532.90	25,377.76	25,910.66

ANNEX A
to
Conditional Sale Agreement

Item 1: (a) ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.

(b) General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Illinois 60606.

(c) North American Car Corporation, a Delaware corporation, 222 South Riverside Plaza, Chicago, Illinois 60606.

Item 2: The Equipment shall be settled for in not more than three Groups of units of Equipment delivered to and accepted by the Vendee, unless a greater number shall be agreed to by the parties hereto.

Item 3: Each Builder warrants that the Equipment built by it will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by such Builder) and workmanship under normal use and service, such Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to such Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which such Builder's examination shall disclose to its satisfaction to have been thus defective. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4, AND 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES,

AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $5,400,000.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $3,672,000.

ANNEX B
to
Conditional Sale Agreement

Builder	Type	Builder's Specifications	Builder's Plant	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	Lot No. 18-14294, AAR approval No. 771028, May 9, 1977	Milton, Pa.	30	$46,000	$1,380,000	IMCX 2800-2829	September-October 1977 Sterlington, La.
General American Transportation Corporation	100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	Building order No. 10050, Inquiry No. 7807, April 12, 1977	Masury, Ohio	40	46,000	1,840,000	IMCX 2700-2739	October-November 1977 Sterlington, La.
North American Car Corporation	100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	File No. 2273, April 12, 1977	Texarkana, Arkansas	30	46,000	1,380,000	IMCX 2900-2929	September-October 1977 Sterlington, La.
				100		$4,600,000		

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1977

among

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY

, as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1977, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION (hereinafter called the Beneficiary).

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), wherein the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Units);

WHEREAS each Builder is assigning its interests in the Security Documentation pursuant to an Agreement and Assignment (hereinafter called the Assignment) to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the Vendor), under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor, the Beneficiary and the Parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the Security Documentation at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the Consent);

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter

mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documentation, or against any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Documentation. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under

the Security Documentation. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the Security Documentation), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Documentation, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the last sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the Security Documentation are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the Security Documentation shall be null and void as to this Lease and ineffective to subject such Unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit subject to this Lease, 81 consecutive quarterannual payments on March 15, June 15, September 15 and December 15, in each year, commencing December 15, 1977. The rental payment due on December 15, 1977, shall be an amount equal to 0.0216% of the Purchase Price (as defined in the Security Documentation) of each Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the Security Documentation) for such Unit to and including the date of such payment. The next 68 quarterannual rental payments shall each be an amount equal to 1.9420% of the Purchase Price of each Unit then subject to this Lease and the last 12 quarterannual payments shall each be an amount equal to .9710% of the Purchase Price of each Unit then subject to this Lease. If, as a result of the provisions of subparagraph (a)(ii) of the third paragraph of Article 4 of the Participation Agreement, the Beneficiary is required to pay in excess of 32% of the Purchase Price of the Units, the quarterannual rental payments shall be adjusted to cause the Beneficiary's net after tax cash flows and rates of return to be at least the same as such cash flows and rates of return would have been had the Beneficiary paid only 32% of said Purchase Price.

If any of the quarterannual rental payment dates referred to above is not a business day the quarterannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Hartford, Connecticut, Detroit, Michigan, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation) and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the Security Documentation), together with interest and all other payments required by the Security Documentation, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the Security Documentation, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default under the Security Documentation shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but

not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation. If an event of default should occur under the Security Documentation, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly 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 AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

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 Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), 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; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) 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 (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; 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 is permitted by law and does not, in the reasonable opinion of the Lessor, adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor 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 directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the Security Documentation to any Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Documentation not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 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 and the Vendor in such Units. The Lessor will provide to the Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

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 § 6, 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 § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor 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, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the Security Documentation) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the

term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall have the right at its option, on at least 150 days' prior written notice to the Lessor, to terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than December 15, 1994, (ii) no Event of Default (or other event which after lapse of time of notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th day after the giving of such notice until the fifth business day preceding the termination date, the Lessee shall use its best efforts to obtain bids for the purchase of such Units, and the Lessee shall at least 5 business days prior to such termination date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such Units for cash to the bidder who shall have submitted the highest bid prior to the termination date. The total sales price realized at such sale shall be paid to the Lessor in immediately available funds on the termination date and, in addition, on the termination date the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessor in connection with such sale. If no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor

an amount equal to the Termination Value; provided, however, that the Lessee, on behalf of the Lessor, may attempt to sell the Units at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units on each rental payment date shall continue to and including the termination date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this § 7, other than to transfer or to cause to be transferred all of the Lessor's right, title and interest in and to such Units to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any sale pursuant to this § 7 shall be free and clear of all of the Lessee's rights to such Units, but otherwise shall be made without warranties other than against Lessor's acts.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date.

The Termination Value of each Unit shall be 20% of the Purchase Price of such Unit.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days prior notice to the Lessee and the Beneficiary of cancelation or the removal of the Lessor or the Beneficiary as named insureds and (ii) name the Lessor

and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1978, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Security Documentation have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR

PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executing, administrative or judicial body exercising any power of jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event

that prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called Removable Government Mandated Alterations) or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called Nonremovable Government Mandated Alterations), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations (including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated alterations are made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alterations may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(e) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or

rights of the Lessor or the Vendor under this Lease or under the Security Documentation. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to the lesser of (x) 30% of the Purchase Price of the Units and (y) the difference of $3 million and the aggregate amount payable to the Vendor pursuant to subparagraph (a) of the third paragraph of Article 4 of the Security Documentation.

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). All Removable Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof.

Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Documentation) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Security Documentation, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the Security Documentation; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the Conditional Sale Indebtedness (as defined in the Security Documentation) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in §§ 3, 7 or 13 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee, hereunder, under the Consent or under the Participation 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 Lease, the Consent or the Participation Agreement shall not have been and shall not continue to 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, or for the property of the Lessee, in connection with any such

proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an event of default set forth in Article 15 of the Security Documentation shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this 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 multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts which the Lessor, in its sole discretion, shall specify (x) a sum, with respect to each Unit, which represents

(A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sales value of such Unit at such time.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

Except as otherwise provided in this Lease and the Security Documentation, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the Security Documentation and any and all rights of the redemption.

The failure of the Lessor to exercise the rights granted it hereunder upon the 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its sub-

sidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the

rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the Security Documentation; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Equipment and any demurrage payments made with respect to the Equipment. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. 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 Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease for a term not exceeding 90 days, but only upon and subject to all the terms and conditions of this Lease and the Security Documentation; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to Service involving the regular operation and maintenance thereof outside the United States of America. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce and that any use thereof outside the United States of America will be de minimis.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six

months prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for two additional five-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that no such extended term extends beyond December 15, 2007, at the then "Fair Market Rental" payable in quarterannual payments on March 15, June 15, September 15 and December 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental 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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

The Lessor agrees that (provided that the Lessee has elected to extend the Lease for at least one extended term and that no default hereunder shall have occurred and be continuing) it will not sell the Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale, and the Lessee shall have had the opportunity to purchase all, but not less than all, of the Units relating to such sale at the same price. Such opportunity of the Lessee shall continue for a period of 20 business days, commencing on the date it receives such notice from the Lessor. The foregoing right of the Lessee shall expire 90 days after the termination of this Lease or any renewal thereof. Upon payment of the purchase price of each such Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor other than those to be paid by the Lessee hereunder.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original or, if the Lessee does not purchase the Units as provided in § 13 hereof, any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. 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, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any nonremovable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units 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 so to assemble, deliver, store and transport the Units. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds the

actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Security Documentation and the Assignment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documentation, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9 and 10 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at The American Road, Dearborn, Michigan 48121, attention

of Vice President-CIR Financing, and to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer.

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

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

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement; and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, undertaking or agreement of

said bank as Lessor, or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement.

§ 21. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in

equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by an of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of INTERNATIONAL MINERALS & CHEMICAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

Type	Quantity	Lessee's Road Numbers
100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2800-2829
100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	40	IMCX 2700-2739
100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2900-2929

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
December 15, 1977	104.22
March 15, 1978	104.66
June 15, 1978	105.24
Sept. 15, 1978	105.67
Dec. 15, 1978	106.05
March 15, 1979	106.38
June 15, 1979	106.64
Sept. 15, 1979	106.80
Dec. 15, 1979	106.92
March 15, 1980	106.98
June 15, 1980	106.99
Sept. 15, 1980	106.90
Dec. 15, 1980	106.77
March 15, 1981	99.78
June 15, 1981	99.55
Sept. 15, 1981	99.23
Dec. 15, 1981	98.86
March 15, 1982	98.45
June 15, 1982	97.98
Sept. 15, 1982	97.44
Dec. 15, 1982	96.86
March 15, 1983	89.43
June 15, 1983	88.75
Sept. 15, 1983	88.01
Dec. 15, 1983	87.23
March 15, 1984	86.41
June 15, 1984	85.54
Sept. 15, 1984	84.65
Dec. 15, 1984	83.73
March 15, 1985	75.98
June 15, 1985	75.01
Sept. 15, 1985	74.01
Dec. 15, 1985	72.98
March 15, 1986	71.93

* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
June 15, 1986	70.86
Sept. 15, 1986	69.76
Dec. 15, 1986	68.64
March 15, 1987	67.50
June 15, 1987	66.33
Sept. 15, 1987	65.14
Dec. 15, 1987	63.94
March 15, 1988	62.71
June 15, 1988	61.46
Sept. 15, 1988	60.19
Dec. 15, 1988	58.90
March 15, 1989	57.59
June 15, 1989	56.26
Sept. 15, 1989	54.92
Dec. 15, 1989	53.56
March 15, 1990	52.18
June 15, 1990	50.78
Sept. 15, 1990	49.37
Dec. 15, 1990	47.94
March 15, 1991	46.50
June 15, 1991	45.04
Sept. 15, 1991	43.59
Dec. 15, 1991	42.14
March 15, 1992	40.69
June 15, 1992	39.23
Sept. 15, 1992	37.80
Dec. 15, 1992	36.36
March 15, 1993	34.92
June 15, 1993	33.48
Sept. 15, 1993	32.07
Dec. 15, 1993	30.66
March 15, 1994	29.25
June 15, 1994	27.85
Sept. 15, 1994	26.48

* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
Dec. 15, 1994	25.11
March 15, 1995	24.73
June 15, 1995	24.33
Sept. 15, 1995	23.95
Dec. 15, 1995	23.55
March 15, 1996	23.14
June 15, 1996	22.72
Sept. 15, 1996	22.29
Dec. 15, 1996	21.85
March 15, 1997	21.40
June 15, 1997	21.00
Sept. 15, 1997	20.73
Dec. 15, 1997	20.00
and thereafter	20.00

* As defined in the Security Documentation.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1977 (hereinafter called the Assignment), by and between THE CONNECTICUT BANK AND TRUST COMPANY (hereinafter called the Lessor or the Vendee), as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with American Road Equity Corporation (hereinafter called the Beneficiary), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in the Annexes thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment

and performance of the obligations of the Lessor as Vendee under the Security Documentation, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 6 of this Assignment) and (z) payments made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (hereinafter called the Consent) permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Documentation then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may

be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the Security Documentation and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become

entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the

Security Documentation, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the Security Documentation (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, undertaking or agreement of said

bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the Conditional Sale Agreement), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor, provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Documentation as long as there is no event of default under the Security Documentation, provided, however, that the Lessor may not terminate this Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by a of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national 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 national bank.

_____
Notary Public

[Notarial Seal]

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease, except to the extent that the Lessor is obligated to reimburse the Vendor under Articles 6 and 13 of the Security Documentation (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, to be applied as provided in the Security Documentation, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assigment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of the day of August 1977.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

_____
Authorized Officer

STATE OF ,)
) ss.:
CITY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of International Minerals & Chemical Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

_____
Notary Public

[Notarial Seal]

My Commission expires

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1977

between

THE CONNECTICUT BANK AND TRUST COMPANY, as
Trustee under a Trust Agreement dated as of
the date hereof with American Road Equity Corporation

and
each of

ACF INDUSTRIES, INCORPORATED

GENERAL AMERICAN TRANSPORTATION CORPORATION

NORTH AMERICAN CAR CORPORATION

CONDITIONAL SALE AGREEMENT dated as of August 1, 1977, between each of ACF INDUSTRIES, INCORPORATED, GENERAL AMERICAN TRANSPORTATION CORPORATION and NORTH AMERICAN CAR CORPORATION (hereinafter called collectively the Builders or severally the Builder, or collectively or severally the Vendor, as the context may require, all as more particularly set forth in Article 1 hereof), and THE CONNECTICUT BANK AND TRUST COMPANY, acting as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION, as beneficial owner (said bank, when acting in such capacity, being hereinafter called the Vendee and said owner being hereinafter called the Beneficiary).

WHEREAS the Builders severally have agreed to construct, sell and deliver to the Vendee, and the Vendee agrees to purchase, the railroad equipment described in Annex B hereto (hereinafter called the Equipment); and

WHEREAS the Vendee is entering into a lease dated as of the date hereof with International Minerals & Chemical Corporation (hereinafter called the Lessee) in substantially the form annexed hereto as Annex C (hereinafter called the Lease); and

WHEREAS First Security Bank of Utah, National Association (hereinafter called the Assignee or the Vendor), is acting as agent for certain investors pursuant to the Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement), among the Assignee, the Vendee, the Lessee, the Beneficiary and the parties named in the Schedules thereto.

NOW, THEREFORE, in consideration of the mutual promises, covenants and agreements hereinafter set forth, the parties hereto do hereby agree as follows:

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Vendee will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the

third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the appropriate Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof between each of the Builders and the Assignee, as agent (such Agreement and Assignment being hereinafter called the Assignment).

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the Builder or Builders, as the context may require, which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and also any assignor as regards any rights hereunder that are retained or excluded from any assignment; and the term "Builder", whenever used in this Agreement, means, both before and after any such assignment, the respective party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business.

The rights and obligations of the Builders under this Agreement are several in accordance with their interests and not joint. Accordingly, whenever this Agreement, by the use of such designation as "the Vendor", "such Builder" or other similar term, confers a right or imposes an obligation upon any Builder or its successor, such right or obligation shall be construed to accrue to or to be enforceable against only the specific Builder furnishing the units of Equipment giving rise to such right or obligation and its successors as herein provided.

In case of such assignment, the Vendee will assign to the Vendor, as security for the payment and performance of all the Vendee's obligations hereunder, all right, title and interest of the Vendee in and to the Lease, pursuant to an Assignment of Lease and Agreement in the form of Annex D hereto (hereinafter called the Lease Assignment) and the Lessee shall consent thereto pursuant to a Consent and Agreement in the form attached to Annex D (hereinafter called the Consent).

ARTICLE 2. Construction and Sale. Pursuant to this Agreement, each Builder shall construct the Equipment at its plant set forth in Annex B hereto, and will sell and deliver to the Vendee, and the Vendee will purchase from such

Builder and accept delivery of and pay for (as hereinafter provided), the Equipment, each unit of which shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing between such Builder, the Vendee and the Lessee (which specifications and modifications, if any, are hereinafter called the Specifications). The design, quality and component parts of each unit of the Equipment shall conform, on the date of completion of manufacture thereof, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as being applicable to railroad equipment of the character of such unit, and each such unit will be new railroad equipment when delivered to the Vendee.

ARTICLE 3. Inspection and Delivery. Each Builder will deliver its units of the Equipment to the Vendee at the place or places specified in Annex B hereto (or if Annex B does not specify a place or places, at the place or places designated from time to time by the Vendee), freight charges, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until this Agreement and the Lease have been filed pursuant to Section 20c of the Interstate Commerce Act; and provided, further, that a Builder shall not deliver any unit of Equipment hereunder (i) subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or event which, with the lapse of time and/or demand, could constitute such an event of default or (ii) unless such Builder shall have been notified by the Assignee that the conditions contained in Paragraph 7 of the Participation Agreement have been met, and such Builder shall have been notified by the Vendee that the conditions contained in Paragraph 8 of the Participation Agreement have been met or waived, or (iii) if the aggregate Purchase Price of the Equipment previously delivered and the Purchase Price of any unit of Equipment to be delivered is in excess of the Maximum Purchase Price specified in Item 4 of Annex A hereto.

Any Equipment not delivered as a result of the first paragraph of this Article 3, and any Equipment not delivered and accepted hereunder on or prior to December 14, 1977, by reason of a failure of condition as provided in the

preceding paragraph or as provided in the next paragraph or otherwise, shall be excluded from this Agreement and the Vendee shall be relieved of its obligation to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom. Pursuant to the Participation Agreement, the Lessee has agreed to purchase such excluded Equipment, and any Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof, from the Builder thereof as provided in Paragraph 1 of the Participation Agreement.

Each Builder's obligation as to the time of delivery set forth in Annex B is subject, however, to delays resulting from causes beyond such Builder's reasonable control, including but not limited to acts of God, acts of government such as embargoes, priorities and allocations, war or war conditions, riot or civil commotion, sabotage, strikes, differences with workmen, accidents, fire, flood, explosion, damage to plant, equipment or facilities, delays in receiving necessary materials or delays of carriers or subcontractors.

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Vendee (who may be employees, agents or representatives of the Lessee) and each Builder shall grant to such authorized inspectors reasonable access to its plant. Each Builder agrees to inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of such Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector of the Vendee for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto, such inspector or an authorized representative of the Vendee (who may be an employee, agent or representative of the Lessee) shall execute and deliver to the Builder of such units a certificate of acceptance (hereinafter called the Certificate of Acceptance) stating that such unit or units have been inspected and accepted on behalf of the Vendee and are marked in accordance with Article 9 hereof; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

On delivery and acceptance of each such unit at the place specified for delivery, such Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that such Builder shall not thereby be relieved of its warranties referred to in Article 13 hereof.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Vendee of any unit of Equipment excluded from this Agreement pursuant to the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Vendee any legal or beneficial right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Vendee any liability, obligation or responsibility with respect thereto; any right or interest in any such unit created in or transferred to, or purported to be created in or transferred to, the Vendee shall be held by the Vendee solely for the benefit of the Lessee.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as is agreed to by the Builder thereof, the Vendee and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in such Builder's invoice or invoices delivered to the Vendee and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Vendee (such invoice or invoices being hereinafter called the Invoices). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement has theretofore been made and is then being made under this Agreement would, but for the provisions of this sentence, exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as the Vendee may at its option agree to prior to delivery of any unit or units of Equipment that, but for such agreement, would be excluded from this Agreement), the Builder of such Equipment (and any assignee of such Builder) and the Vendee will enter into an agreement excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Vendee, as will, after giving effect to such exclusion, reduce such

aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto (or such higher amount as aforesaid) and the Vendee shall take such other steps, including the execution of instruments of transfer, as may be reasonably requested by the Lessee for the purpose of acknowledging and perfecting the interest of the Lessee in any unit of Equipment so excluded from this Agreement, and the Vendee shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Vendee as is provided in Item 2 of Annex A hereto (each such group being hereinafter called a Group). The term "Closing Date" with respect to any Group shall mean such date (not earlier than August 1, 1977, and not later than December 14, 1977, such later date being herein called the Cut-Off Date), occurring not more than ten business days following presentation by the Builder of such group to the Vendee of the Invoices and of the Certificate or Certificates of Acceptance for the Equipment and written notice thereof by such Builder to the Lessee, as shall be fixed by the Lessee by written notice delivered to the Vendee and the Assignee at least six business days prior to the Closing Date designated therein. The term "business days" as used herein means calendar days, excluding Saturdays, Sundays and any other day on which banking institutions in Detroit, Michigan, Salt Lake City, Utah, Hartford, Connecticut, or New York, New York, are authorized or obligated to remain closed.

The Vendee hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby promises to pay in cash to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group (i) an amount equal to 32% of the aggregate Purchase Price of such Group plus (ii) the amount (hereinafter called the Excess Amount), if any, by which (x) 68% of the Purchase Price of the Equipment covered by this Agreement for which settlement has theretofore and is then being made, as set forth in the Invoice or Invoices therefor (said invoiced prices being herein called the Invoiced Purchase Prices), exceeds (y) the Maximum Conditional Sale Indebtedness specified in Item 5 of Annex A plus any Excess Amount or Amounts previously paid by the Vendee; and

(b) in 68 quarterannual instalments, as hereinafter provided, an amount equal to the aggregate Purchase Price of the units of Equipment for which settlement is then being made, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (herein called the Conditional Sale Indebtedness) shall be payable on each March 15, June 15, September 15 and December 15, commencing March 15, 1978, to and including December 15, 1994 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a Payment Date. The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 8.4% per annum. Such interest shall be payable, to the extent accrued, on December 15, 1977, and on each Payment Date thereafter. The instalments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto and the aggregate of such instalments of principal will completely amortize the remaining Conditional Sale Indebtedness. The Vendee will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be determined on the basis of a 360-day year of twelve 30-day months, except that interest payable on December 15, 1977, shall be computed on an actual elapsed day basis.

The Vendee will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the same shall have become due and payable pursuant to the terms hereof at the rate of 9.4% per annum.

All payments provided for in this Agreement shall be made in immediately available or Federal funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except in the event of a Casualty

Occurrence as provided in Article 7 hereof or upon the occurrence of an Event of Default under § 10 of the Lease, the Vendee shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

Each Builder shall furnish to the Vendee the documents required to be furnished by such Builder pursuant to Section 4 of the Assignment in respect of the Group.

Notwithstanding any other provision of this Agreement (including, but not limited to, any provision of Articles 15 and 16 hereof), it is understood and agreed by the Vendor that the liability of the Vendee, the Beneficiary, or any assignee of the Vendee for all payments to be made by it under and pursuant to this Agreement, including any liability arising out of or in connection with the performance of its obligations hereunder and excluding only the obligations set forth in the proviso in the third paragraph of Article 12 hereof and the payments to be made pursuant to subparagraph (a) of the third paragraph of this Article, shall not exceed an amount equal to, and shall be payable only out of, the "income and proceeds from the Equipment". As used herein the term "income and proceeds from the Equipment" shall mean (i) if one of the events of default specified in Article 15 hereof shall have occurred and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Vendee or any assignee of the Vendee at any time after any such event and during the continuance thereof: (a) all amounts of rental and amounts in respect of Casualty Occurrences (as defined in Article 7 hereof) paid for or with respect to the Equipment pursuant to the Lease and any and all other payments received under § 10 or any other provision of the Lease and (b) any and all payments or proceeds received for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) as are indefeasibly received by the Vendee or any assignee of the Vendee and as shall equal the portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date such amounts were required to be paid pursuant to the Lease or as shall equal any other payments then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no

event include (x) amounts referred to in the foregoing clauses (a) and (b) received by the Vendee or any assignee of the Vendee prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness (including prepayments thereof required in respect of Casualty Occurrences) and/or interest thereon due and payable on the date on which amounts with respect thereto received by the Vendee or any assignee of the Vendee were required to be paid to it pursuant to the Lease or which exceeded any other payments due and payable under this Agreement at the time such amounts were payable under the Lease or (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except to the extent that the Vendee is obligated to indemnify the Vendor under Articles 6 and 13 hereof) or (z) payments required to be made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement. Notwithstanding anything to the contrary contained in Article 15 or 16 hereof, the Vendor agrees that in the event it shall obtain a judgment against the Vendee for an amount in excess of the amounts payable by the Vendee pursuant to the limitations set forth in this paragraph, it will limit its execution of such judgment to amounts payable pursuant to the limitations set forth in this paragraph. Nothing contained herein limiting the liability of the Vendee shall derogate from the right of the Vendor to proceed against the Equipment for the full unpaid Purchase Price of the Equipment and accrued interest thereon and all other payments and obligations hereunder.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Vendee shall have made all its payments under this Agreement and shall have kept and performed all its agreements herein contained, notwithstanding any provision of this Agreement limiting the liability of the Vendee and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Vendee and the Lessee as provided in this Agreement and the Lease.

Except as otherwise specifically provided in Article 7 hereof, when and only when the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment, together with accrued interest and all other payments as herein provided, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee without further transfer or

action on the part of the Vendor. However, the Vendor, if so requested by the Vendee and at the sole cost of the Vendee at that time, will (a) execute a bill or bills of sale for the Equipment releasing its security interest therein to the Vendee or upon its order, free of all liens, security interests and other encumbrances created or retained hereby and deliver such bill or bills of sale to the Vendee at its address referred to in Article 20 hereof, (b) execute and deliver at the same place, for filing, recording or depositing in all necessary public offices, such instrument or instruments in writing as may be necessary or appropriate in order then to make clear upon the public records the title of the Vendee to the Equipment and (c) pay to the Vendee any money paid to the Vendor pursuant to Article 7 hereof and not theretofore applied as therein provided. The Vendee hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such bill or bills of sale or to execute and deliver for filing any such instrument or instruments, in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such bill or bills of sale or instrument or instruments within a reasonable time after written demand by the Vendee.

ARTICLE 6. Taxes. All payments to be made by the Vendee hereunder will be free of expense to the Vendor for collection or other charges and will be free of expense to the Vendor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Vendor's net income, Vendor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Vendor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties hereafter levied or imposed upon or in connection with or measured by this Agreement or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), all of which such impositions the Vendee assumes and agrees to pay on demand in addition to the Purchase Price of the Equipment. The Vendee will also pay promptly all impositions which may be imposed upon the Equipment delivered to it or for the use or operation thereof (except as provided above) or upon the earnings arising therefrom (except as

provided above) or upon the Vendor solely by reason of its security title therein (except as provided above) and will keep at all times all and every part of the Equipment free and clear of all impositions, except those created by or resulting from acts of the Vendor not related to this transaction, which might in any way affect the security interest hereunder of the Vendor or result in a lien upon any part of the Equipment; provided, however, that the Vendee 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 reasonable opinion of the Vendor, adversely affect the security interest or property or rights of the Vendor in or to the Equipment or otherwise under this Agreement. If any impositions shall have been charged or levied against the Vendor directly and paid by the Vendor, the Vendee shall reimburse the Vendor upon presentation of an invoice therefor, and any amounts so paid by the Vendor shall be secured by and under this Agreement; provided, however, that the Vendee shall not be obligated to reimburse the Vendor for any impositions so paid unless the Vendor shall have been legally liable with respect thereto (as evidenced by an opinion of counsel for the Vendor) or unless the Vendee shall have approved in writing the payment thereof.

ARTICLE 7. Maintenance; Casualty Occurrences. The Vendee shall, at its own cost and expense, maintain and keep each unit of the Equipment in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any unit of the Equipment shall be or become worn out, lost, stolen, destroyed, or irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of the Lease (such occurrences being herein called Casualty Occurrences), the Vendee shall promptly cause the Vendor to be fully informed in regard thereto. On the next succeeding date for the payment of interest on the Conditional Sale Indebtedness (hereinafter called a Casualty Payment Date), the Vendee shall pay to the Vendor a sum equal to the Casualty Value (as hereinafter defined in this Article) of such unit suffering a Casualty Occurrence as of the date of such payment and shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit. Any money paid to the Vendor pursuant to this paragraph shall be applied (after the payment of the interest and principal

due on such date) to prepay without penalty or premium, ratably in accordance with the unpaid balance of each instalment, the Conditional Sale Indebtedness and the Vendee will promptly furnish to the Vendor and the Lessee a revised schedule of payments of principal and interest thereafter to be made, in such number of counterparts as the Assignee may request. In the event of the requisition for use by the United States Government of any unit of the Equipment not constituting a Casualty Occurrence, all of the Vendee's obligations hereunder with respect to such unit shall continue to the same extent as if such requisition had not occurred.

Upon payment by the Vendee to the Vendor of the Casualty Value of any unit of the Equipment having suffered a Casualty Occurrence, absolute right to the possession of, title to and property in such unit shall pass to and vest in the Vendee, without further transfer or action on the part of the Vendor, except that the Vendor, if requested by the Vendee, will execute and deliver to the Vendee, at the expense of the Vendee, an appropriate instrument confirming such passage to the Vendee of all the Vendor's right, title and interest, and the release of the Vendor's security interest, in such unit, in recordable form, in order that the Vendee may make clear upon the public records the title of the Vendee to such unit.

The Casualty Value of each unit of the Equipment suffering a Casualty Occurrence shall be deemed to be that portion of the original Conditional Sale Indebtedness in respect of such unit remaining unpaid on the date as of which such Casualty Value shall be determined (without giving effect to any prepayment or prepayments theretofore made under this Article with respect to any other unit), plus interest accrued thereon but unpaid as of such date. For the purpose of this paragraph, each payment of the Conditional Sale Indebtedness in respect of Equipment made pursuant to Article 4 hereof shall be deemed to be a payment on each unit of the Equipment in like proportion as the original Conditional Sale Indebtedness in respect of such unit bears to the aggregate original Conditional Sale Indebtedness in respect of the Equipment.

The Vendee will at all times prior to the payment of the full indebtedness in respect of the Purchase Price of the Equipment, together with interest thereon and all other payments required hereby, cause to be carried and main-

tained insurance in respect of the Equipment at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before October 30 in each year, commencing with the year 1978, the Vendee shall cause to be furnished to the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all units of the Equipment then subject to this Agreement, the amount, description and numbers of all units of the Equipment that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Agreement in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Equipment as the Vendor may reasonably request and (b) stating that, in the case of all Equipment repaired or repainted during the period covered by such statement, the numbers and markings required by Article 9 hereof have been preserved or replaced. The Vendor shall have the right, by its agents, to inspect the Equipment and the Lessee's records with respect thereto at such reasonable times as the Vendor may request during the term of this Agreement.

ARTICLE 9. Marking of the Equipment. The Vendee will cause each unit of the Equipment to be kept numbered with its identifying number as set forth in Annex B hereto, or, in the case of Equipment not there listed, such identifying number as shall be set forth in any amendment or supplement hereto extending this Agreement to cover such Equipment, 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 agreement filed under the Interstate Commerce Act, Section 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Vendor's interest in the Equipment and its rights under this Agreement. The Vendee will not permit any such unit to be placed in operation or exercise any control or dominion over the same until such markings have been made thereon and will replace, as soon as practica-

ble, any such markings which may be removed, defaced or destroyed. The Vendee will not permit the identifying number of any unit of the Equipment 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 Vendor and filed, recorded and deposited by the Vendee in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraph, the Vendee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Equipment may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Vendee will comply, and will cause every lessee or user of the Equipment to comply, in all material respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all applicable laws of the jurisdictions in which its or such lessee's or user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or modification of or to any part on any unit of the Equipment, the Vendee will conform therewith at its own expense; provided, however, that the Vendee or the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession and Use. The Vendee, so long as an event of default shall not have occurred and be continuing under this Agreement, shall be entitled, from and after delivery of the Equipment by a Builder to the Vendee, to the possession of such Equipment and the use thereof, but

only upon and subject to all the terms and conditions of this Agreement.

The parties hereto acknowledge that the Vendee simultaneously is leasing the Equipment to the Lessee as provided in the Lease, and the rights of the Lessee and its permitted assigns under the Lease shall be subordinated and junior in rank to the rights, and shall be subject to the remedies, of the Vendor under this Agreement. Prior to payment in full of the Conditional Sale Indebtedness, the Lease shall not be amended or terminated (except in accordance with its terms) without the prior written consent of the Vendor.

ARTICLE 12. Prohibition Against Liens. The Vendee will pay or discharge any and all sums claimed by any party from, through or under the Vendee or its successors or assigns which, if unpaid, might become a lien, charge or security interest upon or with respect to the Equipment, or any unit thereof, or the Vendee's interests in the Lease and the payments to be made thereunder, equal or superior to the Vendor's security interest therein, and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of such liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due and delinquent, or undetermined or inchoate materialmen's, mechanics', workmen's, repairmen's or other like liens arising in the ordinary course of business and, in each case, not delinquent.

The foregoing provisions of this Article 12 shall be subject to the limitations set forth in the last paragraph of Article 4 hereof and the provisions of Article 21 hereof; provided, however, that the Vendee will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Vendee, the Beneficiary or their successors or assigns, not arising out of the

transactions contemplated hereby (but including tax liens arising out of the receipt of the income and proceeds from the Equipment), equal or superior to the Vendor's security interest therein, which, if unpaid, would become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the Vendee's or Beneficiary's interests in the Lease and the payments to be made thereunder, but the Vendee shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal or administrative proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect the security interest of the Vendor in or to the Equipment or otherwise under this Agreement or in and to the Lease and the payments to be made thereunder.

ARTICLE 13. Indemnities and Warranties. The Vendee agrees to indemnify, protect and hold harmless the Vendor from and against all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, penalties and interest, arising out of or as the result of the entering into or the performance of this Agreement, the retention by the Vendor of a security interest in the Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any of the Equipment, any accident, in connection with the operation, use, condition, possession, storage or return of any of the Equipment resulting in damage to property or injury or death to any person during the period while a security interest therein remains in the Vendor or during the period of the transfer of such security interest in the Equipment by the Vendor pursuant to any of the provisions of this Agreement, except however, in the case of any Builder, any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by such Builder, or out of any breach of warranty or failure to perform any covenant hereunder by such Builder. This covenant of indemnity shall continue in full force and effect notwithstanding the full payment of the indebtedness in respect of the Purchase Price of, and the release of the security interest in, the Equipment, as provided in Article 5 hereof, or the termination of this Agreement in any manner whatsoever.

The Vendee will bear the responsibility for and

risk of, and shall not be released from its obligations under this Agreement (except as provided in Articles 7 and 21 hereof) in the event of any damage to or the destruction or loss of any unit of or all the Equipment subsequent to the delivery and acceptance thereof.

Each Builder represents and warrants to the Vendee that, at the time of delivery and acceptance of each unit of its Equipment under this Agreement, the Vendee will have good and marketable title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor under this Agreement, the rights of the Assignee under the Assignment and the rights of the Lessee under the Lease.

Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by such Builder, and articles and materials specified by the Lessee and not manufactured by such Builder, each Builder agrees to indemnify, protect and hold harmless the Vendee, and the Lessee, the Vendor and the Beneficiary, as third party beneficiaries, from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee, the Vendor, the Vendee and the Beneficiary because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Vendee likewise will indemnify, protect and hold harmless each Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against such Builder because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by such Builder, or article or material specified by the Lessee and not manufactured by such Builder, which infringes or is claimed to infringe on any patent or other right. Each Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Vendee and the Lessee every claim, right and cause of action which such Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by such Builder

in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and each Builder further agrees to execute and deliver to the Vendee and the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Vendee will give notice to any Builder of any claim known to the Vendee on the basis of which liability may be charged against such Builder hereunder.

Each Builder represents that it is not entering into this Agreement, or entering into any assignment of this Agreement, directly or indirectly in connection with any arrangement or understanding in any way involving any employee benefit plan (other than a governmental plan) with respect to which it is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974.

The agreement of the parties relating to the Builders' warranties of material and workmanship is set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. The Vendee will not (a) except as provided in Article 11 hereof, transfer the right to possession of any unit of the Equipment or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement without the prior written consent of the Vendor, except as provided in Article VII or Article VIII of the Trust Agreement.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Vendee, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time, provided, however, that, prior to an event of default hereunder, no such assignment shall be made to any person other than the Assignee or a recognized financial institution having a net worth, or capital and surplus, as the case may be, of at least $50,000,000. No such assignment shall subject any assignee to, or relieve any Builder from, any of the obligations of such Builder to construct and deliver its Equipment in accordance herewith or to respond to its warranties and indemnities referred to in

Article 13 hereof, or relieve the Vendee of its respective obligations to such Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other obligation which, according to its terms or context, is intended to survive an assignment.

Upon any such assignment, either the assignor or the assignee shall give written notice to the Vendee and the Lessee, together with a counterpart or copy of such assignment, stating the identity and post office address of the assignee, and such assignee shall, by virtue of such assignment, acquire all the assignor's right, title and interest in and to the Equipment and this Agreement, or in and to a portion thereof, as the case may be, subject only to such reservations as may be contained in such assignment. From and after the receipt by the Vendee of the notification of any such assignment, all payments thereafter to be made by the Vendee under this Agreement shall, to the extent so assigned, be made to the assignee in such manner as it may direct.

The Vendee recognizes that this Agreement will be assigned to the Assignee as provided in the Assignment. The Vendee expressly represents, for the purpose of assurance to any person, firm or corporation considering the acquisition of this Agreement or of all or any of the rights of the Vendor hereunder, and for the purpose of inducing such acquisition, that the rights of the Assignee to the entire unpaid indebtedness in respect of the Purchase Price of the Equipment or such part thereof as may be assigned together with interest thereon, as well as any other rights hereunder which may be so assigned, shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever arising out of any breach of any obligation of any Builder with respect to the Equipment or the manufacture, construction, delivery or warranty thereof, or with respect to any indemnity herein contained, nor subject to any defense, setoff, counterclaim or recoupment whatsoever arising by reason of any other indebtedness or liability at any time owing to the Vendee or the Lessee by such Builder. Any and all such obligations, howsoever arising, shall be and remain enforceable by the Vendee or the Lessee, as the case may be, against and only against the Builders.

ARTICLE 15. Defaults. In the event that any one or more of the following events of default shall occur and be continuing, to wit:

(a) the Vendee shall fail to pay in full any sum payable by the Vendee when payment thereof shall be due hereunder (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) and such default shall continue for ten days after the date such payment became due and payable; or

(b) the Vendee (irrespective of the provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Vendee) or the Lessee shall, for more than 30 days after the Vendor shall have demanded to the Lessee and the Vendee in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement, or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance; or

(c) any proceeding shall be commenced by or against the Vendee, in its capacity as Trustee under the Trust Agreement, or the Lessee for any relief which includes, or might result in, any modification of the obligations of the Vendee hereunder or of the Lessee under the Lease and the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of such obligations), 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 Vendee under this Agreement or of the Lessee under the Lease and the Consent shall not have been and shall not continue to 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 Vendee or the Lessee, as the case may be, or for their respective property 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 30 days after such appointment, if any, or 60 days after

such proceedings shall have been commenced, whichever shall be earlier; or

(d) the Vendee shall make or permit any unauthorized assignment or transfer of this Agreement or any interest herein or any unauthorized transfer of the right to possession of any unit of the Equipment and the Vendee shall, for more than 30 days after demand in writing by the Vendor, fail to secure a reassignment or retransfer to the Vendee of such Agreement, interest or right; provided, however, that any transfer of interest or right to possession under § 12 of the Lease shall not be considered an unauthorized transfer; or

(e) an Event of Default shall have occurred under the Lease except that a default by the Lessee in making not more than two consecutive rental payments under the Lease shall not constitute a default hereunder if the Vendee is not otherwise in default under this Agreement.

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Vendee and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate but not in the case of compliance with the conditions of the second and third paragraphs of § 12 of the Lease (and the Vendee acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its termination and/or (ii) declare (hereinafter called a Declaration of Default) the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, subject to Article 4 hereof, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any

property of the Vendee, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Vendee shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

The Vendor may, at its election, waive any such event of default and its consequences and rescind and annul any Declaration of Default or notice of termination of the Lease by notice to the Vendee and the Lessee in writing to that effect, and thereupon the respective rights of the parties shall be as they would have been if no such event of default had occurred and no Declaration of Default or notice of termination of the Lease had been made or given. Notwithstanding the provisions of this paragraph, it is expressly understood and agreed by the Vendee that time is of the essence of this Agreement and that no such waiver, rescission or annulment shall extend to or affect any other or subsequent default or impair any rights or remedies consequent thereon.

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for compliance with any mandatory legal requirements then in force and applicable to the action to be taken by the Vendor, take or cause to be taken, by its agent or agents, immediate possession of the Equipment, or one or more of the units thereof, without liability to return to the Vendee any sums theretofore paid and free from all claims whatsoever, except as hereinafter in this Article 16 expressly provided, and may remove the same from possession and use of the Vendee or any other person and for such purpose may enter upon the premises of the Vendee or any other premises where the Equipment may be located and may use and employ in connection with such removal any supplies, services and aids and any available trackage and other facilities or means of the Vendee, subject to all mandatory requirements of due process of law.

In case the Vendor shall demand possession of the Equipment pursuant to this Agreement and shall designate a reasonable point or points for the delivery of the Equipment to the Vendor, the Vendee shall, at its own expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic

and written notice to be given to the Association of American Railroads and all railroads to which any unit or units of the Equipment have been interchanged to return the unit or units so interchanged) cause the Equipment to be placed upon such storage tracks as the Vendor reasonably may designate;

(b) permit the Vendor to store the Equipment on such tracks at the risk of the Vendee without charge for insurance, rent or storage until the Equipment has been sold, leased or otherwise disposed of by the Vendor; and

(c) cause the Equipment to be transported to any reasonable place on the lines of railroad operated by the Lessee or any of its subsidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Vendor.

During any storage period, the Vendee will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Vendee hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner after a Declaration of Default.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon such notice and consent, as is hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Vendee and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Vendee consents thereto in writing as described in the second pro-

viso below, all the Vendee's rights in the Equipment shall thereupon terminate and all payments made by the Vendee or for its account may be retained by the Vendor as compensation for the use of the Equipment; provided, however, that if the Vendee, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee; provided, further, that if the Vendee, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have elected to sell the Equipment in accordance with the provisions of this Article 16.

At any time during the continuance of a Declaration of Default, the Vendor, with or without retaking possession thereof, at its election and upon 30 days notice to the Vendee, the Lessee and any other persons to whom the law may require notice of the time and place, may sell the Equipment, or one or more of the units thereof, free from any and all claims of the Vendee, the Lessee or any other party claiming from, through or under the Vendee or the Lessee, at law or in equity, at public or private sale and with or without advertisement as the Vendor may determine; provided, however, that if, prior to such sale and prior to the making of a contract for such sale, the Vendee should tender full payment of the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement as well as expenses of the Vendor in retaking possession of, removing, storing, holding and preparing the Equipment for, and otherwise arranging for, the sale and the Vendor's reasonable attorneys' fees, then upon receipt of such payment, expenses and fees by the Vendor, absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Vendee. The proceeds of such sale or other dis-

position, less the attorneys' fees and any other expenses incurred by the Vendor in retaking possession of, removing, storing, holding, preparing for sale and selling or otherwise disposing of the Equipment, shall be credited on the amount due to the Vendor under the provisions of this Agreement.

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be in a commercially reasonable manner. The Vendor or the Vendee may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Vendee and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Vendee to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Vendee or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies

shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Vendee or the Lessee shall not otherwise alter or affect the Vendor's rights or the Vendee's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Vendee's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Vendee shall, subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable and, if the Vendee shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Vendee. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Vendee.

The Vendee will pay all reasonable expenses, including attorneys' fees, incurred by the Vendor in enforcing its remedies under the terms of this Agreement. In the event that the Vendor shall bring any suit to enforce any of its rights hereunder and shall be entitled to judgment, then in such suit the Vendor may recover reasonable expenses, including reasonable attorneys' fees, and the amount thereof shall be included in such judgment. The foregoing provisions of this paragraph shall be subject to the limitations of the last paragraph of Article 4 and the penultimate paragraph of Article 21 hereof.

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements

at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction (which is not overridden by applicable Federal law) shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Vendee to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

Except as otherwise provided in this Agreement, the Vendee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Equipment, or any one or more units thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Vendor's rights under this Agreement and any and all rights of redemption.

ARTICLE 18. Recording. The Vendee will cause this Agreement, any assignments hereof and any amendments or supplements hereto or thereto to be filed and recorded in accordance with Section 20c of the Interstate Commerce Act; and the Vendee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record any and all further instruments required by law or reasonably requested by the Vendor for the purpose of proper protection, to the satisfaction of counsel for the Vendor, of its interest in the Equipment and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement; and the Vendee will promptly furnish to the Vendor certificates or other evidence of such filing, registering, depositing and recording satisfactory to the Vendor.

ARTICLE 19. Article Headings; Effect and Modification of Agreement. All article headings are inserted for convenience only and shall not affect any construction or interpretation of this Agreement.

Except for the Participation Agreement, this Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Vendee with

respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Vendee.

ARTICLE 20. Notice. Any notice hereunder to any of the parties designated below shall be deemed to be properly served if delivered or mailed to it by first class mail, postage prepaid, at the following addresses:

(a) to the Vendee, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

(b) to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer,

(c) to each Builder, at its respective address specified in Item 1 of Annex A hereto,

(d) to the Beneficiary, at The American Road, Dearborn, Michigan 48121, attention of Vice President--CIR Financing,

(e) to any assignee of the Vendor, or of the Vendee, at such address as may have been furnished in writing to the Vendee, or the Vendor, as the case may be, and to the Lessee, by such assignee, with a copy to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration,

or at such other address as may have been furnished in writing by such party to the other parties to this Agreement.

ARTICLE 21. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Agreement, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at com-

mon law, in equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Agreement.

The obligations of the Vendee under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7 (other than the second sentence of the second paragraph thereof), 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) 13 and 18 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease. The Vendee shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. No waiver or amendment of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Vendee are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding the said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Agreement is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary on account of any representation, undertaking or agreement of said bank acting in its capacity as Vendee, or the Beneficiary either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; <u>provided, however</u>, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

Except as specifically provided herein, the Vendee shall have the right to enforce its rights under the Partici-

pation Agreement and the Lease.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of Connecticut; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, such counterparts together constituting but one and the same contract, but the counterpart delivered to the Assignee pursuant to the Assignment shall be deemed the original and all other counterparts shall be deemed duplicates thereof. It shall not be necessary that any counterpart be signed by all the parties so long as any counterpart be signed by the Vendee and one or more Builders. Each Builder shall be bound hereunder notwithstanding the failure of any other Builder to execute and deliver this Agreement or to perform its obligations hereunder. Although for convenience this Agreement is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed all as of the date first above written.

ACF INDUSTRIES, INCORPORATED,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

GENERAL AMERICAN TRANSPORTATION CORPORATION,

by

_____
Chairman of the Board

[Corporate Seal]

Attest:

_____
Assistant Secretary

NORTH AMERICAN CAR CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

THE CONNECTICUT BANK AND TRUST COMPANY,
as Trustee as aforesaid,

by

_____
F. W. Kawam, Vice President

[Seal]

Attest:

_____
Authorized Officer

STATE OF NEW YORK,)
) ss.:
COUNTY OF NEW YORK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of ACF INDUSTRIES, INCORPORATED, 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.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is Chairman of the Board of GENERAL AMERICAN TRANSPORTATION CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

STATE OF ILLINOIS,)
) ss.:
COUNTY OF COOK,)

On this day of September 1977, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of NORTH AMERICAN CAR CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said company, that said instrument was signed and sealed on behalf of said company 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 company.

_____
Notary Public

STATE OF CONNECTICUT,)
) ss.: Hartford
COUNTY OF Hartford ,)

The foregoing instrument was acknowledged before me this 6th day of September 1977, by an VICE PRESIDENT of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

Barbara S. Kacich

BARBARA S. KACICH
NOTARY PUBLIC
MY COMMISSION EXPIRES MARCH 31, 1982

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness Payable in Instalments from March 15, 1978, Through December 15, 1994

Date	Principal Balance*	Interest Payment**	Principal Recovery	Payment
12/15/77	$1,000,000.00	**	--	**
3/15/78	992,441.19	$21,000.00	$ 7,558.81	$28,558.81
6/15/78	984,723.64	20,841.26	7,717.55	28,558.81
9/15/78	976,844.03	20,679.20	7,879.61	28,558.81
12/15/78	968,798.94	20,513.72	8,045.09	28,558.81
3/15/79	960,584.91	20,344.78	8,214.03	28,558.81
6/15/79	952,198.38	20,172.28	8,386.53	28,558.81
9/15/79	943,635.74	19,996.17	8,562.64	28,558.81
12/15/79	934,893.28	19,816.35	8,742.46	28,558.81
3/15/80	925,967.23	19,632.76	8,926.05	28,558.81
6/15/80	916,853.73	19,445.31	9,113.50	28,558.81
9/15/80	907,548.85	19,253.93	9,304.88	28,558.81
12/15/80	898,048.57	19,058.53	9,500.28	28,558.81
3/15/81	888,348.78	18,859.02	9,699.79	28,558.81
6/15/81	878,445.29	18,655.32	9,903.49	28,558.81
9/15/81	868,333.83	18,447.35	10,111.46	28,558.81
12/15/81	858,010.03	18,235.01	10,323.80	28,558.81
3/15/82	847,469.43	18,018.21	10,540.60	28,558.81
6/15/82	836,707.48	17,796.86	10,761.95	28,558.81
9/15/82	825,719.53	17,570.86	10,987.95	28,558.81
12/15/82	814,500.83	17,340.11	11,218.70	28,558.81
3/15/83	803,046.54	17,104.52	11,454.29	28,558.81
6/15/83	791,351.71	16,863.98	11,694.83	28,558.81
9/15/83	779,411.29	16,618.39	11,940.42	28,558.81
12/15/83	767,220.12	16,367.64	12,191.17	28,558.81
3/15/84	754,772.93	16,111.62	12,447.19	28,558.81
6/15/84	742,064.35	15,850.23	12,708.58	28,558.81
9/15/84	729,088.89	15,583.35	12,975.46	28,558.81
12/15/84	715,840.95	15,310.87	13,247.94	28,558.81

* Principal column represents outstanding principal after payment.

** The interest payment for the first payment date will be calculated in accordance with Article 4 of the Conditional Sale Agreement.

Date	Principal Balance	Interest Payment	Principal Recovery	Payment
3/15/85	$ 702,314.80	$15,032.66	$13,526.15	$28,558.81
6/15/85	688,504.60	14,748.61	13,810.20	28,558.81
9/15/85	674,404.39	14,458.60	14,100.21	28,558.81
12/15/85	660,008.07	14,162.49	14,396.32	28,558.81
3/15/86	645,309.43	13,860.17	14,698.64	28,558.81
6/15/86	630,302.12	13,551.50	15,007.31	28,558.81
9/15/86	614,979.65	13,236.34	15,322.47	28,558.81
12/15/86	599,335.41	12,914.57	15,644.24	28,558.81
3/15/87	586,010.79	12,586.04	13,324.62	25,910.66
6/15/87	572,406.36	12,306.23	13,604.43	25,910.66
9/15/87	558,516.23	12,020.53	13,890.13	25,910.66
12/15/87	544,334.41	11,728.84	14,181.82	25,910.66
3/15/88	529,854.77	11,431.02	14,479.64	25,910.66
6/15/88	515,071.06	11,126.95	14,783.71	25,910.66
9/15/88	499,976.89	10,816.49	15,094.17	25,910.66
12/15/88	484,565.74	10,499.51	15,411.15	25,910.66
3/15/89	468,830.96	10,175.88	15,734.78	25,910.66
6/15/89	452,765.75	9,845.45	16,065.21	25,910.66
9/15/89	436,363.17	9,508.08	16,402.58	25,910.66
12/15/89	419,616.14	9,163.63	16,747.03	25,910.66
3/15/90	402,517.42	8,811.94	17,098.72	25,910.66
6/15/90	385,059.63	8,452.87	17,457.79	25,910.66
9/15/90	367,235.22	8,086.25	17,824.41	25,910.66
12/15/90	349,036.50	7,711.94	18,198.72	25,910.66
3/15/91	330,455.61	7,329.77	18,580.89	25,910.66
6/15/91	311,484.52	6,939.57	18,971.09	25,910.66
9/15/91	292,115.03	6,541.17	19,369.49	25,910.66
12/15/91	272,338.79	6,134.42	19,776.24	25,910.66
3/15/92	252,147.24	5,719.11	20,191.55	25,910.66
6/15/92	231,531.67	5,295.09	20,615.57	25,910.66
9/15/92	210,483.18	4,862.17	21,048.49	25,910.66
12/15/92	188,992.67	4,420.15	21,490.51	25,910.66
3/15/93	167,050.86	3,968.85	21,941.81	25,910.66
6/15/93	144,648.27	3,508.07	22,402.59	25,910.66
9/15/93	121,775.22	3,037.61	22,873.05	25,910.66
12/15/93	98,421.84	2,557.28	23,353.38	25,910.66
3/15/94	74,578.04	2,066.86	23,843.80	25,910.66
6/15/94	50,233.52	1,566.14	24,344.52	25,910.66
9/15/94	25,377.76	1,054.90	24,855.76	25,910.66
12/15/94	.00	532.90	25,377.76	25,910.66

ANNEX A
to
Conditional Sale Agreement

Item 1: (a) ACF Industries, Incorporated, 750 Third Avenue, New York, New York 10017.

(b) General American Transportation Corporation, 120 South Riverside Plaza, Chicago, Illinois 60606.

(c) North American Car Corporation, a Delaware corporation, 222 South Riverside Plaza, Chicago, Illinois 60606.

Item 2: The Equipment shall be settled for in not more than three Groups of units of Equipment delivered to and accepted by the Vendee, unless a greater number shall be agreed to by the parties hereto.

Item 3: Each Builder warrants that the Equipment built by it will be built in accordance with the requirements, specifications and standards set forth in Article 2 of the Conditional Sale Agreement to which this Annex A is attached (hereinafter called this Agreement) and warrants its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by such Builder) and workmanship under normal use and service, such Builder's obligation under this Item 3 being limited to making good at its factory any part or parts of any unit of the Equipment which shall be returned to such Builder with transportation charges prepaid, within one year after the delivery of such unit to the Vendee, and which such Builder's examination shall disclose to its satisfaction to have been thus defective. EXCEPT FOR THE OBLIGATIONS AND LIABILITIES OF EACH BUILDER UNDER ARTICLES 2, 3, 4, AND 13 OF THE AGREEMENT, THE FOREGOING WARRANTY OF EACH BUILDER IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, LIABILITY FOR LOST PROFIT OR FOR INDIRECT, INCIDENTAL, CONSEQUENTIAL OR COMMERCIAL LOSSES, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES,

AND NO BUILDER ASSUMES OR AUTHORIZES ANY PERSON TO ASSUME FOR IT ANY OTHER LIABILITY IN CONNECTION WITH THE CONSTRUCTION AND DELIVERY OF THE EQUIPMENT EXCEPT AS AFORESAID. IT IS FURTHER UNDERSTOOD AND AGREED THAT IN NO EVENT SHALL ANY BUILDER BE LIABLE FOR INDIRECT OR CONSEQUENTIAL DAMAGES OF ANY KIND.

Each Builder further agrees that neither the inspection as provided in Article 3 of this Agreement nor any examination nor the acceptance of any units of the Equipment as provided in said Article 3 shall be deemed a waiver or a modification by the Vendee of any of its rights under this Item 3.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $5,400,000.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $3,672,000.

ANNEX B
to
Conditional Sale Agreement

Builder	Type	Builder's Specifications	Builder's Plant	Quantity	Estimated Unit Base Price	Estimated Total Base Price	Serial Numbers (Inclusive)	Estimated Time and Place of Delivery
ACF Industries, Incorporated	100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	Lot No. 18-14294, AAR approval No. 771028, May 9, 1977	Milton, Pa.	30	$46,000	$1,380,000	IMCX 2800-2829	September-October 1977 Sterlington, La.
General American Transportation Corporation	100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	Building order No. 10050, Inquiry No. 7807, April 12, 1977	Masury, Ohio	40	46,000	1,840,000	IMCX 2700-2739	October-November 1977 Sterlington, La.
North American Car Corporation	100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	File No. 2273, April 12, 1977	Texarkana, Arkansas	30	46,000	1,380,000	IMCX 2900-2929	September-October 1977 Sterlington, La.
				100		$4,600,000		

ANNEX C
TO
CONDITIONAL SALE AGREEMENT

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1977

among

INTERNATIONAL MINERALS & CHEMICAL CORPORATION

and

THE CONNECTICUT BANK AND TRUST COMPANY

, as Trustee

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1977, between INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), and THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee (hereinafter called the Lessor) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with AMERICAN ROAD EQUITY CORPORATION (hereinafter called the Beneficiary).

WHEREAS the Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), wherein the Builders have agreed to manufacture, sell and deliver to the Lessor the units of railroad equipment described in Schedule A hereto (hereinafter called the Units);

WHEREAS each Builder is assigning its interests in the Security Documentation pursuant to an Agreement and Assignment (hereinafter called the Assignment) to First Security Bank of Utah, National Association, acting as Agent (hereinafter together with its successors and assigns called the Vendor), under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Lessor, the Beneficiary and the Parties named in Schedule A thereto;

WHEREAS the Lessee desires to lease such number of Units as are delivered and accepted and settled for under the Security Documentation at the rentals and for the terms and upon the conditions hereinafter provided; and

WHEREAS the Lessor will assign this Lease for security to the Vendor pursuant to an Assignment of Lease and Agreement (hereinafter called the Lease Assignment) and the Lessee will consent to the Lease Assignment pursuant to a Lessee's Consent and Agreement (hereinafter called the Consent);

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter

mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due by reason of any past, present or future claims of the Lessee against the Lessor under this Lease or under the Security Documentation, or against any Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against the Lessee's use of all or any of the Units, the interference with such use by any person or entity, the invalidity or unenforceability or lack of due authorization of this Lease, any insolvency of or any bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Documentation. The Lessor will cause each Unit to be delivered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under

the Security Documentation. Upon such delivery, the Lessee will cause an employee of the Lessee to inspect the same, and if such Unit is found to be in accordance with the Specifications (as defined in the Security Documentation), to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Documentation, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the last sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The Lessee will not accept the delivery of any Unit unless the conditions of the second proviso of the first paragraph of Article 3 of the Security Documentation are met. The delivery, inspection and acceptance hereunder of any Unit excluded from the Security Documentation shall be null and void as to this Lease and ineffective to subject such Unit to this Lease.

§ 3. Rentals. The Lessee agrees to pay the Lessor, as rental for each Unit subject to this Lease, 81 consecutive quarterannual payments on March 15, June 15, September 15 and December 15, in each year, commencing December 15, 1977. The rental payment due on December 15, 1977, shall be an amount equal to 0.0216% of the Purchase Price (as defined in the Security Documentation) of each Unit then subject to this Lease for each day elapsed from the Closing Date (as defined in the Security Documentation) for such Unit to and including the date of such payment. The next 68 quarterannual rental payments shall each be an amount equal to 1.9420% of the Purchase Price of each Unit then subject to this Lease and the last 12 quarterannual payments shall each be an amount equal to .9710% of the Purchase Price of each Unit then subject to this Lease. If, as a result of the provisions of subparagraph (a)(ii) of the third paragraph of Article 4 of the Participation Agreement, the Beneficiary is required to pay in excess of 32% of the Purchase Price of the Units, the quarterannual rental payments shall be adjusted to cause the Beneficiary's net after tax cash flows and rates of return to be at least the same as such cash flows and rates of return would have been had the Beneficiary paid only 32% of said Purchase Price.

If any of the quarterannual rental payment dates referred to above is not a business day the quarterannual rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Hartford, Connecticut, Detroit, Michigan, or Salt Lake City, Utah, are authorized or obligated to remain closed.

Unless the Assignment is not executed and delivered, the Lessor irrevocably instructs the Lessee to make all the payments provided for in this Lease, other than the payments provided for in §§ 6 (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation) and 9 hereof which are to be made to the Lessor or the Beneficiary, but including without limitation the payments provided for in this § 3 and in § 7 hereof, at the principal office of the Vendor until the Vendor shall have been paid the full indebtedness in respect of the Purchase Price of the Equipment (as defined in the Security Documentation), together with interest and all other payments required by the Security Documentation, for the account of the Lessor in care of the Vendor, with instructions to the Vendor (subject to the provisions of the Consent) first, to apply such payments to satisfy the obligations of the Lessor under the Security Documentation, and second, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default under the Security Documentation shall have occurred and be continuing, to pay any balance promptly to the Lessor at such place as the Lessor shall specify in writing. The Lessee agrees to make each payment provided for herein as contemplated by this paragraph in Federal or other funds immediately available to the Vendor or as otherwise provided in the Lease Assignment and the Consent, by 11:00 a.m., local time, on the date when and in the city where such payment is due.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on the day prior to the date on which the final payment of rent in respect thereof is due pursuant to § 3 hereof. The obligations of the Lessee hereunder arising during the term of this Lease or as may otherwise be specifically provided for herein (including, but

not limited to, the obligations under §§ 3, 6, 7, 9 and 14 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Documentation. If an event of default should occur under the Security Documentation, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

§ 5. Identification Marks. The Lessee will cause at its expense each Unit to be kept numbered with the road number set forth in Schedule A hereto, or in the case of any Unit not there listed, such road number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain, plainly, distinctly 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 AGREEMENT FILED UNDER THE INTERSTATE COMMERCE ACT, SECTION 20c", or other appropriate words to the same effect reasonably designated by the Vendor, with, if so designated by the Vendor, appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the Lessor's title and Vendor's security title to and interest in such Unit and the rights of the Lessor under this Lease and of the rights of the Vendor under the Security Documentation. The Lessee will not place any such Unit in operation or exercise any control or dominion over the same until such words shall have been so marked and will replace, as soon as practicable, any such markings which may be removed, defaced or destroyed. The Lessee will not change the road number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Documentation shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Lessor an opinion of counsel to such effect. The Units may be lettered with the names or initials or other insignia customarily used by the Lessee, its subsidiaries or its affiliates.

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 Unit as a designation that might be interpreted as a claim of ownership.

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor with respect to the amount of any local, state, Federal or foreign taxes (other than gross receipts taxes [except gross receipt taxes in the nature of or in lieu of sales or use or rental taxes], taxes measured by Lessor's net income, Lessor's value added taxes, excess profits taxes and similar taxes or general corporation, franchise or like taxes measured by Lessor's capital, capital stock or net worth) or license fees, assessments, charges, fines or penalties now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Documentation (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions), 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; provided, however, that the Lessee shall be under no obligation to pay any such imposition resulting from the gross negligence or wilful misconduct of the Lessor. The Lessee will also pay promptly all impositions which may be imposed upon any Unit (except as may be provided above) 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 (except as provided above) and will keep at all times all and every part of such Unit free and clear of all impositions (except those resulting from the gross negligence or wilful misconduct of the Lessor) which might in any way affect the title of the Lessor or result in a lien upon any such Unit; 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 is permitted by law and does not, in the reasonable opinion of the Lessor, adversely affect the title or property or rights of the Lessor hereunder or the Vendor under the Security Documentation. The Lessee agrees to give the Lessor 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 directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor; provided, however, that the Lessee shall not be obligated to reimburse the Lessor for any impositions so paid unless the Lessor shall have been legally liable with respect thereto.

In the event that the Lessor shall become obligated to make any payment pursuant to Article 6 of the Security Documentation to any Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Documentation not covered by the foregoing paragraph of this § 6, the Lessee shall pay such additional amounts (which shall also be deemed impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said provision; provided, however, that the Lessee shall not be required to fulfill any such obligation resulting from the gross negligence or wilful misconduct of the Lessor.

In the event any returns, statements or reports with respect to impositions pursuant to this § 6 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 and the Vendor in such Units. The Lessor will provide to the Lessee all information reasonably requested by the Lessee in connection with the preparation of such returns, statements and reports and will execute such returns, statements or reports if required to do so by the applicable tax authority.

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 § 6, 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 § 6, the Lessor hereby authorizes the Lessee to act in the Lessor's own name and on the Lessor's behalf; provided, however, that the Lessee shall indemnify and hold the Lessor 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, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Lessor reasonably may require to permit the Lessor's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Termination Right; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever or taken or requisitioned by condemnation or requisitioned for use or otherwise, except requisition for use by the United States Government for a stated period not in excess of the then remaining term of this Lease (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully inform the Lessor and the Vendor with respect thereto. On the rental payment date next succeeding such Casualty Occurrence the Lessee shall pay to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit determined as of the date of such rental payment date in accordance with the schedule referred to below. As of the rental payment date on which the Casualty Value is due the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, or complete destruction) the Lessor shall be entitled to recover possession of such Unit. Any Casualty Value not paid when due shall accrue interest as provided in § 16 hereof. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the net proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite the rental payment date next succeeding the actual date of such Casualty Occurrence, or if there is no such rental payment date, the last rental payment date; but in no event less than the Casualty Value (as defined in the Security Documentation) as of such rental payment date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit, and the Lessee shall be entitled to the net proceeds of any sale to the extent they do not exceed the Casualty Value of such Unit.

In the event of the requisition for use by the United States Government (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof not constituting a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Lessor pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Lessor or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default as defined in § 10 hereof (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the Government for the use of such Unit after the

term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Lessor.

Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee shall have the right at its option, on at least 150 days' prior written notice to the Lessor, to terminate (subject to the provisions for the survival of obligations contained herein) this Lease in respect of all Units then covered by this Lease on the rental payment date next succeeding the expiration of such notice period (for the purpose of this § 7 called the "termination date"); provided, however, that (i) the termination date shall be not earlier than December 15, 1994, (ii) no Event of Default (or other event which after lapse of time of notice or both would become an Event of Default) shall have occurred and be continuing and (iii) on the termination date such Units shall be in the same condition as if being redelivered pursuant to § 14 hereof. During the period from the 90th day after the giving of such notice until the fifth business day preceding the termination date, the Lessee shall use its best efforts to obtain bids for the purchase of such Units, and the Lessee shall at least 5 business days prior to such termination date certify to the Lessor the amount of each such bid and the name and address of the party (which shall not be a corporation or individual affiliated with the Lessee or any party from whom the Lessee or any such affiliate intends thereafter to lease such Units) submitting such bid. On the termination date the Lessor shall, subject to the Lessee's obtaining, on behalf of the Lessor, any governmental consents required, sell such Units for cash to the bidder who shall have submitted the highest bid prior to the termination date. The total sales price realized at such sale shall be paid to the Lessor in immediately available funds on the termination date and, in addition, on the termination date the Lessee shall pay to the Lessor the excess, if any, of the Termination Value (as hereinafter defined) in respect of the Units over the net sales price of such Units after deducting from such sales price any and all costs and expenses whatsoever incurred by the Lessor in connection with such sale. If no sale shall occur on the date scheduled therefor as above provided, this Lease shall continue in full force and effect without change unless and until the Lessee pays to the Lessor

an amount equal to the Termination Value; provided, however, that the Lessee, on behalf of the Lessor, may attempt to sell the Units at some later date upon 150 days' prior written notice to the Lessor and following the procedure set forth above. In the event of any such sale and the receipt by the Lessor of the amounts above described, the obligation of the Lessee to pay rent pursuant to § 3 hereof in respect of such Units on each rental payment date shall continue to and including the termination date but shall then terminate. The Lessor shall be under no duty to solicit bids, to inquire into the efforts of the Lessee to obtain bids or otherwise to take any action or incur any cost or expense in connection with any sale pursuant to this § 7, other than to transfer or to cause to be transferred all of the Lessor's right, title and interest in and to such Units to the purchaser named in the highest bid certified by the Lessee to the Lessor as above provided. Any sale pursuant to this § 7 shall be free and clear of all of the Lessee's rights to such Units, but otherwise shall be made without warranties other than against Lessor's acts.

If the Lessee shall exercise its option to terminate under this § 7, the Lessor may, notwithstanding such election by the Lessee, by written notice to the Lessee given within 90 days after the termination notice is given to the Lessor, elect to retain the Units then subject to this Lease in which case the Lessee shall not be obligated to obtain bids for the purchase of such Units or to pay the Termination Value to the Lessor. In the event the Lessor shall so elect to retain the Units, the Lessee shall assemble and deliver the Units to the Lessor in accordance with the provisions of § 14 hereof as if the original or any extended term of this Lease had expired on the termination date.

The Termination Value of each Unit shall be 20% of the Purchase Price of such Unit.

The Lessee will, at all times while this Lease is in effect, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks comparable to those insured against by the Lessee on similar equipment owned by it. Any policies of insurance carried in accordance with this paragraph shall (i) require 30 days prior notice to the Lessee and the Beneficiary of cancelation or the removal of the Lessor or the Beneficiary as named insureds and (ii) name the Lessor

and the Beneficiary as additional named insureds as their respective interests may appear with respect to public liability insurance and as loss payee with respect to property insurance.

Upon the execution of this Lease, and thereafter not less than 15 days prior to the expiration dates of the expiring policies relating hereto, the Lessee shall deliver to the Lessor and the Beneficiary a certificate of insurance issued by an authorized representative of the insurers for the insurance maintained pursuant to this § 7; provided, however, that if the delivery of a formal certificate is delayed, the Lessee shall deliver an executed binder with respect thereto and shall deliver the formal certificate upon receipt thereof.

§ 8. Reports. On or before October 30 in each year, commencing with the calendar year 1978, the Lessee will furnish to the Lessor and the Vendor an accurate statement (a) setting forth as at the preceding June 30 the amount, description and numbers of all Units then leased hereunder and covered by the Security Documentation, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year (or since the date of this Lease in the case of the first such statement) or are then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs (other than running repairs) and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and markings required by § 5 hereof and by the Security Documentation have been preserved or replaced. The Lessor, at its sole cost and expense, shall have the right by its agents, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR

PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against any Builder under the provisions of Item 3 of Annex A and the patent infringement and indemnification provisions of Article 13 of the Security Documentation; provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense, such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all material respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executing, administrative or judicial body exercising any power of jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event

that prior to the expiration of the Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part on any Unit which is readily removable without causing material damage to the Unit (hereinafter called Removable Government Mandated Alterations) or any alteration, replacement, addition or modification of or by any part on any Unit which is not readily removable without causing material damage to the Unit (hereinafter called Nonremovable Government Mandated Alterations), the Lessee (i) with respect to Removable Government Mandated Alterations, will conform therewith at its own expense and the Lessee will have title to such Removable Government Mandated Alterations, (ii) with respect to Nonremovable Government Mandated Alterations (including Nonremovable Government Mandated Alterations theretofore and then being made) not exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units, will conform therewith at the Lessor's expense and the Lessor will have title to such Nonremovable Government Mandated Alterations and the Lessee will lease such Nonremovable Government Mandated Alterations until the termination of this Lease or any renewal thereof upon the same terms and conditions as are herein specified at a rental rate to be negotiated between the Lessee and the Lessor and (iii) with respect to (a) Nonremovable Government Mandated Alterations exceeding an aggregate purchase price equal to 30% of the Purchase Price of the Units and (b) Nonremovable Government Mandated Alterations that the Lessor would be obligated to purchase and the Lessee would be obligated to lease as provided in (ii) above but for the fact that the Lessor and the Lessee cannot agree on a rental rate, the Lessee will conform therewith at its own expense and the Lessor will have title thereto. The Lessee acknowledges and agrees that the value of any Nonremovable Government Mandated Alteration paid for by the Lessee shall be included in the gross income of the Lessor for Federal, state or local income tax purposes in the year in which such Nonremovable Government Mandated alterations are made and such inclusion for tax purposes of the value of such Nonremovable Government Mandated Alterations may have the effect of obligating the Lessee to indemnify the Beneficiary as provided in Paragraph 12(e) of the Participation Agreement. Notwithstanding the preceding sentences, the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule concerning the use, maintenance and operation of the Units, in any reasonable manner which does not, in the opinion of the Lessor or the Vendor, adversely affect the property or

rights of the Lessor or the Vendor under this Lease or under the Security Documentation. Notwithstanding anything to the contrary contained herein, the Lessor's obligation to purchase Nonremovable Government Mandated Alterations shall not exceed an aggregate purchase price in an amount equal to the lesser of (x) 30% of the Purchase Price of the Units and (y) the difference of $3 million and the aggregate amount payable to the Vendor pursuant to subparagraph (a) of the third paragraph of Article 4 of the Security Documentation.

Except as set forth in the first paragraph of § 7 and the second paragraph of this § 9, the Lessee, at its own cost and expense, may from time to time make such other additions, modifications and improvements to the Units during the term of this Lease as are readily removable without causing material damage to the Units (and do not adversely and materially affect the value of the Units). All Removable Government Mandated Alterations and the additions, modifications and improvements made by the Lessee under the preceding sentence shall be owned by the Lessee and shall be removed by it upon the return of the Units pursuant to §§ 11 and 14 hereof, except to the extent such additions, modifications or improvements are made in order to comply with the next paragraph hereof.

Any and all parts installed on and additions and replacements made to any Unit (i) which are not readily removable without causing material damage to such Unit and were installed or were added to such Unit in contravention of the agreements contained in the immediately preceding paragraph, (ii) the cost of which is included in the Purchase Price of such Unit, (iii) in the course of ordinary maintenance of the Units or (iv) which are required for the operation or use of such Unit by the interchange rules of the Association of American Railroads and of the Interstate Commerce Commission, and all lawful rules of the Department of Transportation or any other applicable regulatory body, shall constitute accessions to such Unit and full ownership thereof free from any lien, charge, security interest or encumbrance (except for those created by the Security Documentation) shall immediately be vested in the Lessor and the Vendor as their respective interests may appear in the Unit itself.

The Lessee agrees to indemnify, protect and hold harmless the Lessor (both in its individual and fiduciary capacities), the Beneficiary and the Vendor from and against

all losses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default, an event of default or an Event of Default under, the Security Documentation, the Participation Agreement or this Lease, the ownership of any Unit, the retention by the Vendor of a security interest in any Unit, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage, inspection or return of any Unit or any accident in connection with the operation, use, condition, possession, storage, inspection or return of any Unit resulting in damage to property or injury or death to any person or the transfer of the security interest in the Units by the Vendor pursuant to any provision of the Security Documentation; provided, however, that nothing contained hereinabove shall require the Lessee to indemnify the Lessor, the Beneficiary or the Vendor from any loss or liability resulting from the wilful misconduct or gross negligence of the party otherwise to be indemnified. The indemnities arising under this paragraph do not include the payment of principal or interest on the Conditional Sale Indebtedness (as defined in the Security Documentation) and shall continue in full force and effect notwithstanding the full payment of all obligations under this Lease or the expiration or termination of the term of this Lease. The Lessee's obligations to indemnify the Beneficiary for any loss of tax benefits shall be governed by Paragraph 12 of the Participation Agreement.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than tax returns with respect to which the Lessee is not responsible) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor of the Units, the security interest of the Vendor in the Units or the leasing thereof to the Lessee. The Lessor agrees to promptly furnish the Lessee with any notice of any requirement for such filing received by the Lessor and not otherwise reasonably available to the Lessee. Upon request of the Lessee, the Lessor will furnish any information reasonably required, and not otherwise reasonably available to the Lessee, for the preparation and filing of such reports.

§ 10. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in payment of any amount provided for in §§ 3, 7 or 13 hereof, and such default shall continue for five days;

B. the Lessee shall make or permit any unauthorized assignment or transfer of this Lease, or any interest herein, or of the right to possession of the Units, or any thereof;

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee, contained herein, in the Consent or in the Participation Agreement, and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee, specifying the default and demanding that the same be remedied, or if the representations of the Lessee contained in the Participation Agreement shall have been materially incorrect when made;

D. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee, hereunder, under the Consent or under the Participation Agreement, under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee, hereunder, under the Consent or under the Participation 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 Lease, the Consent or the Participation Agreement shall not have been and shall not continue to 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, or for the property of the Lessee, in connection with any such

proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. an event of default set forth in Article 15 of the Security Documentation shall have occurred arising out of any default by the Lessee, in performing any of its obligations hereunder or under the Consent;

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

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Lessor would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units so terminated shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units so terminated may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this 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 multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty whichever of the following amounts which the Lessor, in its sole discretion, shall specify (x) a sum, with respect to each Unit, which represents

(A) the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded quarterannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of rental, plus (C) an amount computed in accordance with Paragraph 12 of the Participation Agreement, or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the net proceeds of the sale of the Equipment if sold, or, if not sold at such time, the amount the Lessor reasonably estimates to be the sales value of such Unit at such time.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, 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 the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

Except as otherwise provided in this Lease and the Security Documentation, the Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell or lease the Units, or any one or more thereof, and any other requirements as to the time, place and terms of the sale or lease thereof, any other requirements with respect to the enforcement of the Lessor's rights under this Lease and the Security Documentation and any and all rights of the redemption.

The failure of the Lessor to exercise the rights granted it hereunder upon the 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.

§ 11. Return of Units upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any non-removable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and meet the standards then in effect, if any, under the interchange rules of the Association of American Railroads applicable to railroad equipment of the same type as the Units. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner (including but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units have been interchanged to return the Unit or Units so interchanged) place such Units upon such storage tracks as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by the Lessee or any of its sub-

sidiaries or affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage, insurance and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Units in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter, until such Unit is so assembled, delivered and stored an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds all gross amounts earned with respect to such Unit and received by the Lessor for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit, in a lawful manner, in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided, however, that any such assignment is subject to this Lease and to the Lessee's rights and interests hereunder. All the rights of the Lessor hereunder (including, but not limited to, the

rights under §§ 6, 7, 9 and 10 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Lessor's assigns (including the Vendor).

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession and use of the Units, and the quiet enjoyment thereof, in accordance with the terms of this Lease and the Security Documentation; but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under the Lease in the Units or any of them; provided, however, that if the Lessee so assigns or transfers its leasehold interest and has received prior written consent of the Lessor and the assignee or transferee fully performs all of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessor and the Lessee agree that, except as limited by §§ 11 and 14 hereof, the Lessee is entitled to collect and retain all allowances paid to it with respect to the use of the Equipment and any demurrage payments made with respect to the Equipment. The Lessee at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units) upon or with respect to any Unit, including any accession thereto, or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises; provided, however, that the Lessee shall be under no obligation to pay or discharge any such sum so long as it is contesting in good faith and by appropriate legal or administrative proceedings, the imposition of any such lien, charge, security interest or encumbrance in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lessor and the Vendor, adversely affect the property rights of either the Lessor or the Vendor in or to the Equipment or under this Lease. 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 Units, except to the extent permitted by the provisions of the immediately succeeding paragraph.

So long as (i) the Lessee shall not be in default under this Lease (ii) the Lessee is complying with the provisions of the Consent and (iii) the Vendor is entitled to apply the Payments (as defined in the Consent) as therein provided, the Lessee shall be entitled to the possession of the Units and to the use of the Units by it or any subsidiary or affiliate upon lines of railroad owned or operated by it or any such subsidiary or affiliate or upon lines of railroad over which the Lessee or any such subsidiary or affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such subsidiary or affiliate is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, or a sublease for a term not exceeding 90 days, but only upon and subject to all the terms and conditions of this Lease and the Security Documentation; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to Service involving the regular operation and maintenance thereof outside the United States of America. If any sublessee fully performs any of the Lessee's obligations under and in accordance with the provisions of this Lease, the Lessor shall accept such performance. The Lessee may receive and retain compensation for such use from railroads or other persons so using any of the Units. The Lessee represents and warrants to the Lessor that the Units will be used, and are intended for use, in connection with interstate commerce and that any use thereof outside the United States of America will be de minimis.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder and under the Participation Agreement and the Consent) into or with which it shall have become merged or consolidated or which shall have acquired its property as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

§ 13. Renewal and Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may by written notice delivered to the Lessor not less than six

months prior to the end of the original term or any extended term of this Lease, as the case may be, elect to extend the term of this Lease in respect of all but not fewer than all of the Units then covered by this Lease, for two additional five-year periods commencing on the scheduled expiration of the original term or any extended term of this Lease, as the case may be, provided that no such extended term extends beyond December 15, 2007, at the then "Fair Market Rental" payable in quarterannual payments on March 15, June 15, September 15 and December 15 in each year of such extended term.

Fair Market Rental shall be determined on the basis of, and shall be equal in amount to, the rental 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 and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 60 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental of the Units, the Lessee's right to extend this Lease shall expire.

The Lessor agrees that (provided that the Lessee has elected to extend the Lease for at least one extended term and that no default hereunder shall have occurred and be continuing) it will not sell the Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale, and the Lessee shall have had the opportunity to purchase all, but not less than all, of the Units relating to such sale at the same price. Such opportunity of the Lessee shall continue for a period of 20 business days, commencing on the date it receives such notice from the Lessor. The foregoing right of the Lessee shall expire 90 days after the termination of this Lease or any renewal thereof. Upon payment of the purchase price of each such Unit, the Lessor shall upon request of the Lessee execute and deliver to the Lessee, or to the Lessee's assignee or nominee, a bill of sale (without recourse, representation or warranties of any kind) for such Unit such as will transfer to the Lessee such title to such Unit as the Lessor derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Lessor other than those to be paid by the Lessee hereunder.

§ 14. Return of Units upon Expiration of Term. The Lessor intends to retain the Units for re-lease at the expiration of the term of this Lease. As soon as practicable on or after the expiration of the original or, if the Lessee does not purchase the Units as provided in § 13 hereof, any extended term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of the Units to the Lessor upon such storage tracks as the Lessor may reasonably designate, or, in the absence of such designation, as the Lessee may select, and permit the Lessor to store the Units on such tracks for a period not exceeding 120 days after the actual return of all such Units to the Lessor's possession and transport the same, at any time within such 120-day period, to any reasonable place on the lines of railroad operated by the Lessee, or to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Units to be at the expense and risk of the Lessee without charge to the Lessor for insurance. 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, lessee or user of such Unit, to inspect the same. Each Unit returned to the Lessor pursuant to this § 14 shall, when delivered to the Lessor, (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, with any nonremovable accessions to such Unit made pursuant to the third paragraph of § 9 hereof, and (ii) meet the standards, if any, then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units 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 so to assemble, deliver, store and transport the Units. All gross amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 30 days after such termination, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which 0.0216% of the Purchase Price of such Unit for each such day exceeds the

actual earnings received by the Lessor on such Unit for each such day.

§ 15. Recording. The Lessee, at its own expense, will cause this Lease, the Lease Assignment, the Security Documentation and the Assignment to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. The Lessee will (at its own expense) undertake the filing, registering, deposit, and recording required of the Lessor under the Security Documentation and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease, the Security Documentation, the Assignment and the Lease Assignment; and the Lessee will promptly furnish to the Vendor and the Lessor evidence of all such filing, registering, depositing or recording, and an opinion of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease and the Security Documentation shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder, including without limitation §§ 3, 6, 7, 9 and 10 hereof, shall result in the obligation on the part of the Lessee promptly to pay an amount equal to the lesser of 12% per annum or the maximum rate permitted by law of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 17. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when mailed, first class, postage prepaid, addressed as follows:

(a) if to the Lessor, at One Constitution Plaza, Hartford, Connecticut 06115, attention of Corporate Trust Department, with copies to the Beneficiary at The American Road, Dearborn, Michigan 48121, attention

of Vice President-CIR Financing, and to ITEL Capital Services Corporation, One Embarcadero Center, San Francisco, California 94111, attention of Contract Administration;

(b) if to the Lessee, at IMC Plaza, Libertyville, Illinois 60048, attention of Treasurer.

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

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

Except for the Participation Agreement, this Lease exclusively and completely states the rights of the Lessor and the Lessee with respect to the leasing of the Units and, except for the Participation Agreement, supersedes all other agreements, oral or written, with respect thereto. No variation or modification of this Lease and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized signatories for the Lessor and the Lessee.

§ 19. No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements of The Connecticut Bank and Trust Company or for the purpose or with the intention of binding said bank personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement; and this Lease is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank or the Beneficiary or on account of any representation, undertaking or agreement of

said bank as Lessor, or the Beneficiary, either expressed or implied, all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee.

§ 20. Agreements for Benefit of Beneficiary. All rights of the Lessor hereunder (including, but not limited to, its rights under §§ 6, 7, 9 and 10 and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Beneficiary and the Beneficiary's assigns under the Trust Agreement.

§ 21. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor pursuant to the Lease Assignment to the Vendor shall be deemed to be the original and all other counterparts shall be deemed duplicates thereof. Although for convenience this Lease is dated as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

§ 22. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of Illinois; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

§ 23. Lessor's Right to Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of the lesser of 12% per annum or the maximum rate permitted by law, shall be payable by the Lessee upon demand.

§ 24. Immunities, Satisfaction of Undertakings. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the parties hereto or the Beneficiary, whether by virtue of any constitutional provision, statute or rule of law, or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in

equity, by any constitutional provision, statute or otherwise, of such incorporators, stockholders, directors or officers, as such, being forever released as a condition of and as consideration for the execution of this Lease.

IN WITNESS WHEREOF, the parties hereto have executed or caused this instrument to be executed as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

[Seal]

by _____
Authorized Officer

Attest:

_____
Authorized Officer

INTERNATIONAL MINERALS & CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by an of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF ,)
) ss.:
COUNTY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of INTERNATIONAL MINERALS & CHEMICAL CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

_____
Notary Public

[Notarial Seal]

My Commission expires

SCHEDULE A TO LEASE

Type	Quantity	Lessee's Road Numbers
100 Ton Roller Bearing 33,600 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2800-2829
100 Ton Roller Bearing 33,500 Gallon Tank Cars (DOT 105A 300W)	40	IMCX 2700-2739
100 Ton Roller Bearing 34,000 Gallon Tank Cars (DOT 105A 300W)	30	IMCX 2900-2929

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
December 15, 1977	104.22
March 15, 1978	104.66
June 15, 1978	105.24
Sept. 15, 1978	105.67
Dec. 15, 1978	106.05
March 15, 1979	106.38
June 15, 1979	106.64
Sept. 15, 1979	106.80
Dec. 15, 1979	106.92
March 15, 1980	106.98
June 15, 1980	106.99
Sept. 15, 1980	106.90
Dec. 15, 1980	106.77
March 15, 1981	99.78
June 15, 1981	99.55
Sept. 15, 1981	99.23
Dec. 15, 1981	98.86
March 15, 1982	98.45
June 15, 1982	97.98
Sept. 15, 1982	97.44
Dec. 15, 1982	96.86
March 15, 1983	89.43
June 15, 1983	88.75
Sept. 15, 1983	88.01
Dec. 15, 1983	87.23
March 15, 1984	86.41
June 15, 1984	85.54
Sept. 15, 1984	84.65
Dec. 15, 1984	83.73
March 15, 1985	75.98
June 15, 1985	75.01
Sept. 15, 1985	74.01
Dec. 15, 1985	72.98
March 15, 1986	71.93

* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
June 15, 1986	70.86
Sept. 15, 1986	69.76
Dec. 15, 1986	68.64
March 15, 1987	67.50
June 15, 1987	66.33
Sept. 15, 1987	65.14
Dec. 15, 1987	63.94
March 15, 1988	62.71
June 15, 1988	61.46
Sept. 15, 1988	60.19
Dec. 15, 1988	58.90
March 15, 1989	57.59
June 15, 1989	56.26
Sept. 15, 1989	54.92
Dec. 15, 1989	53.56
March 15, 1990	52.18
June 15, 1990	50.78
Sept. 15, 1990	49.37
Dec. 15, 1990	47.94
March 15, 1991	46.50
June 15, 1991	45.04
Sept. 15, 1991	43.59
Dec. 15, 1991	42.14
March 15, 1992	40.69
June 15, 1992	39.23
Sept. 15, 1992	37.80
Dec. 15, 1992	36.36
March 15, 1993	34.92
June 15, 1993	33.48
Sept. 15, 1993	32.07
Dec. 15, 1993	30.66
March 15, 1994	29.25
June 15, 1994	27.85
Sept. 15, 1994	26.48

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* As defined in the Security Documentation.

SCHEDULE B TO LEASE

Casualty Values

Date	Percentage of Purchase Price*
Dec. 15, 1994	25.11
March 15, 1995	24.73
June 15, 1995	24.33
Sept. 15, 1995	23.95
Dec. 15, 1995	23.55
March 15, 1996	23.14
June 15, 1996	22.72
Sept. 15, 1996	22.29
Dec. 15, 1996	21.85
March 15, 1997	21.40
June 15, 1997	21.00
Sept. 15, 1997	20.73
Dec. 15, 1997	20.00
and thereafter	20.00

* As defined in the Security Documentation.

ANNEX D
to Conditional
Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1977 (hereinafter called the Assignment), by and between THE CONNECTICUT BANK AND TRUST COMPANY (hereinafter called the Lessor or the Vendee), as Trustee under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement) with American Road Equity Corporation (hereinafter called the Beneficiary), and FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, acting not in its individual capacity but solely as Agent (hereinafter called the Vendor) under a Participation Agreement dated as of the date hereof.

WHEREAS the Vendee is entering into a Conditional Sale Agreement dated as of the date hereof (hereinafter called the Security Documentation) with ACF Industries, Incorporated, General American Transportation Corporation and North American Car Corporation (hereinafter collectively called the Builders), providing for the sale to the Vendee of such units of railroad equipment (hereinafter called the Units) described in the Annexes thereto as are delivered to and accepted by the Vendee thereunder;

WHEREAS the Lessor and International Minerals & Chemical Corporation (hereinafter called the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (hereinafter called the Lease), providing for the leasing by the Lessor to the Lessee of the Units; and

WHEREAS in order to provide security for the obligations of the Lessor under the Security Documentation and as an inducement to the Vendor to invest in the Conditional Sale Indebtedness (as that term is defined in the Security Documentation), the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Vendor;

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment

and performance of the obligations of the Lessor as Vendee under the Security Documentation, all the Lessor's right, title and interest, powers, privileges and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, liquidated damages, or otherwise (such moneys being hereinafter called the Payments), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, (y) payments by the Lessee to the Vendee or the Beneficiary pursuant to §§ 6 and 9 of the Lease (except indemnification payments owing to the Vendor pursuant to Articles 6 and 13 of the Security Documentation and except to the extent that the Vendee is obligated to pay and discharge claims, liens, charges or security interests under Paragraph 6 of this Assignment) and (z) payments made by the Lessee to the Vendee or the Beneficiary pursuant to Paragraph 12 of the Participation Agreement.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to the Lease, subject to the provisions of the Lessee's Consent and Agreement attached hereto (hereinafter called the Consent) permitting certain payments to be made directly to the Vendee. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the Security Documentation then due and payable, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Documentation could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor (or to such other party as may

be specified by the Lessor), by bank wire to the Lessor at such address as may be specified to the Vendor in writing, and such balance shall be retained by the Lessor. If the Vendor shall not receive any rental payment under the first paragraph of § 3 of the Lease payable to it as provided in the Consent when due, the Vendor shall notify the Lessor at the address set forth in the Lease; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Documentation. The Lessor will furnish to the Vendor and the Lessee a schedule, with such changes as may be appropriate from time to time, setting forth the amounts due the Vendor under the Security Documentation and the Lessor under the Lease on each date for the payment thereof.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. The Lessor will faithfully abide by, perform and discharge each and every obligation, covenant and agreement which the Lease provides are to be performed by the Lessor; without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become

entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which to the Vendor may seem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all sums due from the Lessor under the Security Documentation, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor. However, the Vendor, if so requested by the Lessor at that time and at the sole expense of the Lessor, will (a) execute an instrument releasing its entire estate, right, title and interest in the Lease and transferring such estate, right, title and interest to the Lessor and (b) execute, acknowledge and deliver any and all further instruments required by law or reasonably requested by the Lessor in order to confirm or further assure the interest in the Lease which shall have reverted or been so transferred to the Lessor.

6. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the Security Documentation) on the Lease or the rentals or other payments due or to become due thereunder claimed by any party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the Security Documentation or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, adversely affect such interests of the Vendor.

7. The Lessor will, from time to time, execute, acknowledge and deliver any instruments required by law and requested by the Vendor and any further instruments reasonably requested by the Vendor in order to confirm or further assure, the interest of the Vendor hereunder.

8. Subject to the provisions of Article 14 of the

Security Documentation, the Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due, but the Lessee shall be under no obligation to any subsequent or successive assignee except upon written notice of such assignment from the Vendor. In the event of any such assignment and notice, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder.

9. This Assignment shall be governed by the laws of the State of Connecticut, but the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act.

10. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at its address set forth in Article 20 of the Security Documentation, or at such other address as the Vendor shall designate.

11. The Vendor hereby agrees with the Lessor that the Vendor will not, unless an event of default under the Security Documentation (as defined therein) has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to apply the Payments as provided in Paragraph 1 hereof.

12. It is understood and agreed that each and all of the representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, undertakings and agreements by The Connecticut Bank and Trust Company, or for the purpose or with the intention of binding said bank personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement and this Assignment is executed and delivered by the said bank solely in the exercise of the powers expressly conferred upon the said bank as trustee under said Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said bank (except as provided in § 5.03 of the Trust Agreement) or the Beneficiary or on account of any representation, undertaking or agreement of said

bank, as Lessor (except as provided in § 5.03 of the Trust Agreement and the proviso of the last paragraph of Article 12 of the Conditional Sale Agreement), or the Beneficiary (except as to its representations contained in Paragraph 4 of the Participation Agreement), either expressed or implied, all such personal liability, if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor, provided, however, that the Vendor or any person claiming by, through or under the Vendor, making claim hereunder, may look to said Trust Estate for satisfaction of the same. The Lessor agrees that it will not enter into any amendment or modification of the Trust Agreement except as provided in Article IX thereof.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the Security Documentation as long as there is no event of default under the Security Documentation, provided, however, that the Lessor may not terminate this Lease without the prior written consent of the Vendor.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original and all other counterparts shall be deemed to be duplicates thereof. It shall not be necessary that any counterpart be signed by both parties so long as each party shall sign at least one counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective names by officers thereunto duly authorized, and their respective seals to be affixed and duly attested, all as of the date first above written.

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in
its individual capacity but
solely as Agent,

by

_____
Authorized Officer

[Seal]

Attest:

_____
Authorized Officer

STATE OF CONNECTICUT,)
) ss.:
COUNTY OF ,)

The foregoing instrument was acknowledged before me this day of 1977, by a of THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut corporation, on behalf of the corporation.

_____

STATE OF UTAH,)
) ss.:
COUNTY OF SALT LAKE,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, that one of the seals affixed to the foregoing instrument is the seal of said national bank and that said instrument was signed and sealed on behalf of said national 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 national bank.

_____
Notary Public

[Notarial Seal]

CONSENT AND AGREEMENT

The undersigned, INTERNATIONAL MINERALS & CHEMICAL CORPORATION, a New York corporation (hereinafter called the Lessee), the lessee named in the Lease (hereinafter called the Lease) referred to in the foregoing Assignment of Lease and Agreement (hereinafter called the Lease Assignment), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to the making of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages and other moneys (other than the payments provided for in §§ 6 and 9 of the Lease, except to the extent that the Lessor is obligated to reimburse the Vendor under Articles 6 and 13 of the Security Documentation (as defined in the Lease), and other than any payment provided for by reference to Paragraph 12 of the Participation Agreement) provided for in the Lease (which moneys are hereinafter called the Payments) due and to become due under the Lease or otherwise in respect of the Units leased thereunder, directly to First Security Bank of Utah, National Association, not in its individual capacity but solely as Agent (hereinafter called the Vendor), the assignee named in the Lease Assignment, to be applied as provided in the Security Documentation, by wire transfer of immediately available Salt Lake City or Federal funds to the Vendor's address at 79 South Main Street, Salt Lake City, Utah 84111, attention of Corporate Trust Division (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) to the extent provided by the Lease Assigment, the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the Lessee under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease; and

(4) the Lease shall not, without the prior written consent of the Vendor, be terminated or modified, nor

shall any action be taken or omitted by the Lessee the taking or omission of which might result in an alteration or impairment of the Lease or the Lease Assignment or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement, when accepted by the Vendor by signing the acceptance at the foot hereof, shall be deemed to be a contract under the laws of the State of Illinois and, for all purposes, shall be construed in accordance with the laws of said State.

INTERNATIONAL MINERALS &
CHEMICAL CORPORATION,

by

_____
Vice President

[Corporate Seal]

Attest:

_____
Assistant Secretary

The foregoing Consent and Agreement is hereby accepted as of the day of August 1977.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION, not in its
individual capacity but solely
as Agent,

by

_____
Authorized Officer

STATE OF ,)
) ss.:
CITY OF ,)

On this day of 1977, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a Vice President of International Minerals & Chemical Corporation, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation and 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.

_____
Notary Public

[Notarial Seal]

My Commission expires