

RECORDATION NO. 9334 Filed & Recorded

APR 19 1978 - 9 00 AM RECEIVED

INTERSTATE COMMERCE COMMISSION APR 19 9 00 AM '78 CERTIFICATION UNIT

Interstate Commerce Commission
Washington, D.C.

Gentlemen:

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

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

The names and addresses of the parties are:

Lessor: Swindell-Dressler Leasing Company
c/o Pullman Incorporated
200 S. Michigan Avenue
Chicago, Illinois 60604

Lessee: Swindell-Dressler Energy Supply Company
441 Smithfield Street
Pittsburgh, Pennsylvania 15222

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

Please return the original and two copies of the Equipment Lease to Robert Nash, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

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

Very truly yours,

SWINDELL-DRESSLER LEASING COMPANY

By *[Signature]*
Vice President

Enclosures

8-109A010
APR 19 1978
Date
Fee \$ 50
ICC Washington D.C.

[Handwritten signature]

DESCRIPTION OF EQUIPMENT

<u>Manufacturer</u>	<u>Type of Car</u>	<u>Specification</u>	<u>Number of Cars</u>	<u>Car Numbers</u>	<u>Delivery</u>
Ortner Freight Car Company	3850 cu. ft. capacity coal "Rapid Discharge" coal hopper rail-road cars	Ortner Freight Car Company No. OCN 1130 10-73 dated October 1, 1973 and supplement #1 dated February 5, 1974	128	SDEX 10001 to SDEX 10032, both inclusive; SDEX 10034 to SDEX 10097, both inclusive; and SDEX 10099 to SDEX 10130, both inclusive	October 1, 1975 Gillette, Wyoming
Ortner Freight Car Company	3850 cu. ft. capacity coal "Rapid Discharge" coal hopper rail-road cars	Ortner Freight Car Company No. OC 586	112	SDEX 10261 to SDEX 10372, both inclusive	August 30, 1978 Gillette, Wyoming
Pullman Incorporated (Pullman-Standard Division)	100-ton capacity quadruple open top, double automatic discharge door "Standard T-16" coal hopper rail-road cars	Pullman Incorporated (Pullman-Standard Division) No. 3528	130	SDEX 10131 to SDEX 10260, both inclusive	August 30, 1978 Gillette, Wyoming

Interstate Commerce Commission
Washington, D.C. 20423

4/19/78

OFFICE OF THE SECRETARY

Robert Nash
Chapman and Cutler
111 west Monroe Street
Chicago, Illinois 60603

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 **4/19/78** at **9:00am**,

and assigned recordation number(s)

9334 & 9335

Sincerely yours,


H.G. Homme, Jr.
Acting Secretary

Enclosure(s)

SE-30-T
(6/77)

9334

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UNIVERSITY OF MICHIGAN LIBRARY

EQUIPMENT LEASE

Dated as of February 1, 1978

BETWEEN

SWINDELL-DRESSLER LEASING COMPANY
Lessor

AND

SWINDELL-DRESSLER ENERGY SUPPLY COMPANY
Lessee

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EXHIBITS TO EQUIPMENT LEASE:

- EXHIBIT A-1 -- Description of Equipment Manufactured
by Ortner Freight Car Company
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Incorporated (Pullman-Standard Division)
- EXHIBIT A-3 -- Description of Equipment Manufactured
by Ortner Freight Car Company
- EXHIBIT B -- Certificate of Acceptance Under Equipment
Lease
- EXHIBIT C -- Schedule of Loan Value

EQUIPMENT LEASE

THIS EQUIPMENT LEASE, dated as of February 1, 1978, between SWINDELL-DRESSLER LEASING COMPANY, a Delaware corporation (the "Lessor"), and SWINDELL-DRESSLER ENERGY SUPPLY COMPANY, a Delaware corporation (the "Lessee").

W I T N E S S E T H:

SECTION 1. DEFINITIONS.

The following terms shall have the following meanings for all purposes of this Lease:

"Affiliate" shall mean a Person (other than a Subsidiary) (i) which directly or indirectly through one or more intermediaries controls, or is controlled by, or is under common control with, the Lessee, (ii) which beneficially owns or holds 5% or more of any class of the Voting Stock of the Lessee or (iii) 5% or more of the Voting Stock (or in the case of a Person which is not a corporation, 5% or more of the equity interest) of which is beneficially owned or held by the Lessee or a Subsidiary. The term "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, by contract or otherwise.

"Assignment" shall mean the Assignment of Guaranty, Subordination Agreement and Master Coal Service Agreement (Security Agreement) dated as of February 1, 1978, between the Lessor and the Lessee, as from time to time supplemented or amended.

"Casualty Occurrence" is defined in Section 13(a) hereof.

"Default" shall mean any event which would constitute an Event or Default if any requirement in connection therewith for the giving of notice, or the lapse of time, or the happening of any further condition, event or act, had been satisfied.

"Delivery Date" is defined in Section 2(b) hereof.

"Equipment" shall mean all, and "Item of Equipment" or "Item" shall mean each, of the items of railroad rolling stock more fully described in Exhibits A-1, A-2 and A-3 attached hereto and made a part hereof and any Item substituted therefor pursuant to Section 13(b) hereof.

"Event of Default" shall mean any of the events referred to in Section 15 hereof.

"Facilities Lease" shall mean the Facilities Lease, dated as of February 1, 1978, between the Lessor and the Lessee, as from time to time supplemented or amended.

"Fair Market Rental Value" of an Item of Equipment shall mean Fair Market Rental Value determined in accordance with Section 19 hereof.

"Fixed Rent" shall mean for any one Item of Equipment, the aggregate rent payable for such Item pursuant to Section 4(a) hereof, and for all Equipment the aggregate of all such rents payable for such Equipment.

"Indebtedness" is defined in Section 15 hereof.

"Indemnatee" is defined in Section 6(a) hereof.

"Indenture" shall mean the Indenture of Mortgage, Assignment of Lease and Security Agreement, dated as of February 1, 1978, between the Lessor and the Security Trustees, as from time to time supplemented or amended, mortgaging, pledging, assigning and granting a lien and security interest in, among other things, the Equipment (subject to the rights of the Lessee under this Lease), the Lessor's leasehold estate under this Lease and the rents and other sums due and to become due hereunder as security for the repayment of the indebtedness to the Noteholders evidenced by the Notes.

"Interim Lender" shall mean Texas Commerce Bank National Association, as lender under the Loan Agreement.

"Loan Agreement" shall mean the Loan Agreement dated as of February 1, 1978 between the Lessor and the Interim Lender, as from time to time supplemented or amended.

"Loan Value" of an Item of Equipment as of any date set forth in Exhibit C hereto, shall mean the amount determined in accordance with said Exhibit C.

"Manufacturer" shall mean each, and "Manufacturers" shall mean both, of the manufacturers identified in Exhibits A-1, A-2 and A-3 attached hereto and made a part hereof.

"Master Coal Service Agreement" shall mean the Master Coal Service Agreement, dated as of October 10, 1975, between the Lessee and TUCO, as from time to time supplemented or amended.

"Minimum Service Fee Payment" shall have the meaning set forth in Section 5 of the Master Coal Service Agreement.

"Note" shall mean each, and "Notes" shall mean all, of the Notes from time to time issued under the Loan Agreement or the Note Agreements, as the case may be, and also issued and outstanding under the Indenture.

"Note Agreements" shall mean the separate Note Agreements, each dated as of February 1, 1978, between the Lessor and the Purchasers, as from time to time supplemented or amended.

"Noteholders" shall mean the holders of the Notes from time to time issued under the Loan Agreement or the Note Agreements, as the case may be, and also issued and outstanding under the Indenture.

"Permitted Contest" shall mean a good faith contest by the Lessee, in a manner which the Lessor and the Security Trustees determine will not result in the imposition of any criminal penalty on, or adversely affect the title, property or right of, the Lessor, any Noteholder or the Security Trustees of the legality or validity of any of the taxes, assessments, levies, fees or other governmental charges, or other claims, liens or impositions (collectively referred to in this paragraph as "charges") which, under the terms of this Lease, are required to be paid by the Lessee. If the Lessor or the Security Trustees obtain an opinion of counsel for purposes of making such determination, the Lessee shall reimburse the Lessor or the Security Trustees, or both, for any reasonable legal fees incurred in obtaining such legal opinion. No contest which would otherwise be a Permitted Contest shall be carried on or maintained by the Lessee if an Event of Default has occurred and is continuing or after the time limited for the payment of any such charges unless the Lessee, at its option, (i) shall pay the amount involved under protest, or (ii) shall procure and maintain a stay of all proceedings to enforce any collection of such charges, together with all penalties, interest, costs and expenses, by a deposit of a sufficient sum of money or by a good and sufficient undertaking as may be required or permitted by law to accomplish such stay, or (iii) shall deposit with the Lessor, as security for the performance by the Lessee of its obligations hereunder with respect to such charges, an amount equal to the principal of the contested charges, plus such further amounts as the Lessor may reasonably require from time to time to cover all penalties, interest, costs and expenses that may accrue during the period of the contest. In the event any such contest is made by the Lessee, the Lessee shall, within five days after final determination thereof adversely to the Lessee, fully pay and discharge the amount involved in or affected by any such contest, together with all penalties, fines, interest, costs or expenses that may have accrued thereon or that may result from any such action by the Lessee, whereupon the Lessor shall return to the Lessee all amounts, if any, deposited by the Lessee in accordance with clause (iii) of the third sentence of this paragraph.

"Permitted Encumbrances" shall mean, with respect to any Item of Equipment, but only to the extent applicable to such Item of Equipment, (i) the interest of the Lessee hereunder; (ii) any liens thereon for taxes, assessments, levies, fees and other governmental and similar charges not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iii) any liens of mechanics, suppliers, materialmen and laborers for work or service performed or materials furnished in connection with such Item of Equipment which are not due and payable or the amount or validity of which is being contested by a Permitted Contest; (iv) rights reserved to or vested in any government or public authority to condemn or appropriate such Item of Equipment or control or regulate such Item of Equipment or the use of such Item

of Equipment in any manner; (v) the interest of TUCO under the Master Coal Service Agreement; and (vi) the security interest granted to the Security Trustees under and pursuant to the Indenture.

"Person" shall mean an individual, partnership, corporation, trust or unincorporated organization, and a government or agency or political subdivision thereof.

"Pullman Guaranty" shall mean the Guaranty Agreement, dated as of October 10, 1975, between Pullman and TUCO.

"Pullman-SDESCO Guaranty" shall mean the Guaranty Agreement, dated as of February 1, 1978, in favor of the Lessor and the Security Trustees.

"Purchase Price" of a particular Item of Equipment shall mean the invoice cost, including applicable sales and use taxes and delivery charges, if any, of such Item as evidenced by an invoice of the Manufacturer thereof.

"Purchasers" shall mean the purchasers named in the Note Agreements.

"Rent Payment Dates" shall mean the monthly rent payment dates specified in Section 4(a) hereof.

"Replacement Item" is defined in Section 13(b) hereof.

"Security" shall have the same meaning as in Section 2(1) of the Securities Act of 1933, as amended.

"Security Trustees" shall mean Harris Trust and Savings Bank (the "Corporate Security Trustee") and R. G. Mason, as Security Trustees under the Indenture, and their respective successors in trust thereunder.

"Service Fee Payment" shall have the meaning set forth in Section 5 of the Master Coal Service Agreement.

"SPS" shall mean Southwestern Public Service Company, a New Mexico corporation.

"SPS Guaranty" shall mean the Guaranty Agreement, dated as of October 10, 1975, between the Lessee and SPS, as from time to time supplemented or amended.

"Subordination Agreement" shall mean the Agreement of Subordination dated as of December 29, 1975, between the Lessee and SPS, as from time to time supplemented or amended.

"Subsidiary" shall mean, with respect to any corporation, any corporation, trust or association of which more than 50% (by number of votes) of the Voting Stock at the time outstanding shall at the time be owned, directly or indirectly, by such corporation

or by any other corporation, association or trust which is itself a Subsidiary within the meaning of this definition, or collectively by such corporation and any one or more such Subsidiaries.

"Substantial Subsidiary" shall mean, with respect to any corporation, any Subsidiary of such corporation meeting any one of the following conditions:

(i) The assets of such Subsidiary, or the investment in or advances to such Subsidiary by such corporation and other Subsidiaries of such corporation, if any, exceed 5% of the assets of such corporation and its Subsidiaries on a consolidated basis;

(ii) The sales and operating revenues of such Subsidiary exceed 10% of the sales and operating revenues of such corporation and the Subsidiaries of such corporation on a consolidated basis; or

(iii) Such Subsidiary is a parent of one or more Subsidiaries and, together with such Subsidiaries, would, if considered in the aggregate, constitute a Substantial Subsidiary within the meaning of subparagraph (i) or (ii) above.

"Supplemental Rent" shall mean all amounts, liabilities and obligations (other than Fixed Rent) which the Lessee is obligated to pay hereunder to the Lessor or others.

"TUCO" shall mean TUCO, Inc., a New Mexico corporation.

"Voting Stock" shall mean Securities of any class or classes of a corporation, the holders of which are ordinarily, in the absence of contingencies, entitled to elect the corporate directors.

SECTION 2. LEASE AND DELIVERY OF EQUIPMENT.

(a) Lease of Equipment. The Lessor hereby agrees to lease and let each Item of Equipment to the Lessee and the Lessee hereby agrees to hire each Item of Equipment from the Lessor for the rent and the term and on and subject to the terms and conditions herein set forth.

(b) Inspection and Acceptance. Upon tender of delivery of each Item of Equipment by the Manufacturer thereof, the Lessee will inspect such Item of Equipment and if such Item of Equipment tendered for delivery appears to meet the specifications, the Lessee will accept delivery thereof and execute and deliver to such Manufacturer and the Lessor a Certificate of Acceptance,

substantially in the form of Exhibit B attached hereto and made a part hereof. The date of such delivery and acceptance with respect to any Item of Equipment shall be hereinafter referred to as the "Delivery Date".

(c) Certificate of Acceptance. The Lessee's execution and delivery to the Manufacturer and the Lessor of a Certificate of Acceptance with respect to each Item of Equipment shall conclusively establish that, as between the Lessor and the Lessee, but without limiting or otherwise affecting the Lessee's rights, if any, against such Manufacturer, each Item of Equipment is acceptable to and accepted by the Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that each Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any. The Lessee represents that it has no knowledge of any such defect as of the date of such acceptance.

SECTION 3. LEASE TERM.

The term of this Lease as to each Item of Equipment shall begin on the Delivery Date of such Item of Equipment with respect thereto and, subject to Section 15 hereof, shall terminate on December 31, 2000 unless renewed pursuant to the provisions of Section 19 hereof in which case such term shall include such renewal.

SECTION 4. RENT PAYMENTS AND PAYMENT DATES.

The Lessee agrees to pay the Lessor the following rents for the Equipment:

(a) Fixed Rent. The Lessee hereby agrees to pay the Lessor Fixed Rent for all Items of Equipment from time to time accepted hereunder, monthly installments, payable on the first day of each calendar month in each year commencing on the first day of the calendar month next following the date of acceptance of any such Item hereunder and thereafter to and including December 1, 2000, each such installment to be in an amount equal to the greater of the Service Fee Payment or the Minimum Service Fee Payment which is paid or payable on each such Rent Payment Date by TUCO pursuant to Section 5 of the Master Coal Service Agreement.

It is understood and agreed by the Lessor and the Lessee that payment to the Lessor of an amount equal to the Service Fee Payment or Minimum Service Fee Payment, as the case may be, on each Rent Payment Date shall be deemed to constitute satisfaction in full of the Lessee's obligation to pay Fixed Rent on each such Rent Payment Date (x) in respect of the Equipment pursuant to this Section 4(a), and (y) in respect of the Facilities pursuant to Section 4(a) of the Facilities Lease.

(b) Supplemental Rent. The Lessee also agrees to pay to the Lessor, or to whomsoever shall be entitled thereto, any and all Supplemental Rent promptly as the same shall become due and owing, and in the event of any failure on the part of the Lessee to pay any Supplemental Rent, the Lessor shall have all rights, powers and remedies provided for herein or by law or equity or otherwise in the case of nonpayment of Fixed Rent.

(c) Place and Time of Payment. All payments to be made under this Lease to the Lessor shall be made to the Lessor at such place as the Lessor shall specify to the Lessee in writing until such time as the Lessee receives notice from the Security Trustees to make all such payments to the Security Trustees, whereupon the Lessee shall direct the same to the principal office of the Corporate Security Trustee in Chicago, Illinois, Attention: Corporate Trust Department. All payments to be made by the Lessee hereunder shall be paid in funds immediately available at the place of payment thereof, not later than 11:00 A.M. Central Standard Time, on the date of payment. The Lessee agrees that in the case of rent payments under this Section 4, a written designation will accompany such payments identifying the same as Fixed Rent hereunder. Payment of any additional amounts required by Section 5 or Section 6 hereof shall be made at said place only to the extent that such payments are not being made or have not been made by the Lessee directly and are instead being paid to the Lessor by way of reimbursement or to provide the Lessor with the funds necessary to make such payments.

(d) Overdue Payments. The amount of any installment of Fixed Rent remaining unpaid after the due date thereof shall, upon written demand, bear interest at the prime commercial rate charged by Mellon National Bank, Pittsburgh, Pennsylvania (or at such lesser rate as shall be enforceable under then applicable law) from and after the due date of such installment.

SECTION 5. TAXES AND MAINTENANCE.

Notwithstanding the provisions of Section 6 hereof, in addition to the Fixed Rent payable by the Lessee under the provisions of Section 4(a) hereof:

(a) 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, its successors and assigns, with respect to the amount of any local, state, Federal or foreign taxes, assessments or license fees and any charges, fines or penalties in connection therewith (hereinafter called "Impositions") hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or any security agreement and/or assignment, if any, executed by the Lessor with respect to the Equipment, 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. Notwithstanding the foregoing, the Lessee shall not be obligated to pay, indemnify or save and hold harmless the Lessor from any Impositions (i) which are imposed by any Federal, state or local government or taxing authority in the United States on, or measured by, the net income, taxable income or items of tax preference, (ii) which are imposed by any taxing authority or governmental subdivision of a foreign country and qualify as creditable for United States income tax purposes to the extent that such taxes are utilized by the Lessor as a credit against its United States income tax, (iii) which are imposed by any Federal, state or local government or taxing authority in the United States on, or measured by, the gross income or gross receipts of the Lessor and are in lieu of a tax on, or measured by, net income or taxable income, (iv) which are imposed on the voluntary sale, transfer or other disposition, except during the continuance of an Event of Default hereunder, of any interest in the Equipment, (v) which is a franchise tax imposed by any state (other than a state in which any Item of Equipment is located, but only to the extent of the amount of such franchise tax arising out of the transaction contemplated in this Lease) on the Lessor for the privilege of exercising its franchise or the doing of business in such state, or (vi) any Imposition included in the Purchase Price. The Lessee will also pay promptly all Impositions (including sales or use taxes, if any, on the initial purchase of the Equipment) which may be imposed upon any Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times each and every Item of Equipment free and clear of all Impositions which might in any way affect

the title of the Lessor or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting such Impositions by a Permitted 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. Prior to making such payment, the Lessor shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest such Impositions, at its sole expense, by a Permitted Contest.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either make such reports in such manner as to show the interest of the Lessor in such Items of Equipment or notify the Lessor of such requirement and make such reports in such manner as shall be satisfactory to the Lessor.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse, pursuant to this Section 5(a), such liability shall continue, notwithstanding the expiration of this Lease, until all such Impositions are paid or reimbursed by the Lessee.

(b) Maintenance and Servicing. The Lessee agrees to pay all costs, expenses, fees and charges incurred in connection with (i) the use and operation of the Equipment by the Lessee during the term hereof, including but not limited to, repairs, maintenance, storage and servicing the Equipment, as provided in Section 8 hereof, and (ii) preserving and protecting the Equipment, and repairing, maintaining and servicing the Equipment as provided in Section 8 hereof, after a termination of the Lessee's right to possession of the Equipment pursuant to Section 15B hereof and prior to the Equipment being leased or sold to a third person by the Lessor or being operated by the Lessor.

(c) Documentary Taxes and Recording Fees. The Lessee agrees to pay all stamp and documentary taxes and recording or filing fees or taxes, Federal, state, county, city, municipal or otherwise, levied or assessed or otherwise payable on, or with respect to the filing of this Lease and the Indenture and the filing or recording of any other document whatsoever to which the Lessee is a party which creates or transfers an interest in the Equipment.

SECTION 6. INDEMNITY.

(a) Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor, each Noteholder, the Security Trustees and their respective servants, agents, successors and assigns (collectively, the "Indemnitees"), from and against:

(i) Any and all loss or damage of or to the Equipment, ordinary wear and tear excepted; and

(ii) Any claim, cause of action, damages or liability, cost or expense (including reasonable counsel fees and costs in connection therewith) which may be incurred in any manner or by or for the account of any of them (1) relating to the Equipment or any part thereof, including, without limitation, the purchase, delivery, ownership, leasing or return of the Equipment or as a result of the use, maintenance, marking, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or the Lessee), (2) by reason or as a result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (3) as a result of claims for patent infringements, or (4) as a result of claims for negligence or strict liability in tort.

The indemnities and assumptions of liabilities set forth in this Section 6(a) do not constitute a guarantee of the residual value of the Equipment or the Notes.

(b) Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment thereof, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (i) or clause (1), (2) or (4) of subsection (ii) of paragraph (a) hereof occurring after the termination of this Lease, except for any such matters occurring before the return of the Equipment to the possession of the Lessor as provided in Section 16 hereof. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. INSURANCE.

The Lessee will at all times after delivery and acceptance of each Item of Equipment, at its own expense as additional rent, keep or cause to be kept such Item of Equipment insured by a reputable and financially sound insurance company or companies in

amounts and against risks customarily insured against by companies owning property of a similar character and engaged in a business similar to that engaged in by the Lessee. In any event, the Lessee will maintain (a) physical damage insurance on each Item of Equipment against loss or damage from any cause whatever (other than such causes as to which insurance coverage is not available to any Person) for the actual value of such Item of Equipment and in no event for less than the Loan Value for such Item of Equipment, subject to a deductible of not more than \$5,000 per occurrence or such greater amount as shall be approved in writing by the Lessor, and (b) comprehensive general public liability insurance with respect to each Item of Equipment against liability for bodily injury, death and property damage, in an amount for bodily injury and death of at least \$25,000,000 each occurrence, subject to a deductible of not more than \$2,000,000 in the aggregate for all the Equipment, per occurrence. Such public liability insurance shall name the Lessor and the Security Trustees as additional insureds. Any property insurance policy may provide that, unless a default or an Event of Default shall have occurred and be continuing, losses shall be adjusted with the Lessee and that the proceeds thereof shall be payable to the Lessor, the Corporate Security Trustee and the Lessee as their interests shall appear, and that the same shall not be cancelled without at least 30 days' prior written notice to each assured named therein. No such policy shall contain a provision under which the Lessee is a co-insurer or relieving the insurer thereunder of liability for any loss by reason of the existence of other policies of insurance covering the Equipment against the peril involved, whether collectable or not, or by reason of the breach or violation by the Lessee of any warranties, declarations or conditions contained in such policies. Provided no Default or Event of Default shall have occurred and be continuing, any proceeds of insurance received by the Lessor or the Corporate Security Trustee on account of or for any loss or casualty with respect to any Item of Equipment shall be paid to the Lessee either (i) upon proof satisfactory to the Lessor and the Security Trustees that any damage to such Item of Equipment with respect to which such proceeds were paid has been fully repaired, or (ii) that an Item of Equipment has been substituted therefor pursuant to Section 13(b) hereof. Certificates or other evidence satisfactory to the Lessor and the Security Trustees showing the existence of the insurance required pursuant to this Section 7, the terms and conditions of the policy and payment of the premium therefor shall be delivered to the Lessor and the Security Trustees concurrently with the execution of this Lease and periodically prior to each expiration or replacement of such insurance.

SECTION 8. USE AND MAINTENANCE; COMPLIANCE WITH LAWS.

(a) Maintenance. The Lessee shall not permit or suffer the Equipment to be used in any manner other than the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, operating

condition and repair, ordinary wear and tear excepted, and suitable for use in interchange. The Lessee shall not, except as required by the provisions of Section 8(b) hereof, modify any Item of Equipment without written authority and approval of the Lessor which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 8(b) hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8(a) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. In the event the Lessee shall be required to make any additions, improvements, alterations or modifications to any Item of Equipment pursuant to Section 8(b) hereof or pursuant to this Section 8(a) (the "Required Alterations"), the Lessor agrees that it will include the cost thereof in its gross income for Federal income tax purposes in the year when made. The Lessee agrees that, within 30 days after the close of any calendar quarter in which the Lessee has made Required Alterations, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Required Alterations and specifying the cost thereof with respect to each Item of Equipment.

(b) Rules, Laws, Etc. The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads, as the same may be in effect from time to time) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense, and title thereto shall be vested in the Lessor, provided, that the Lessee may contest in good faith the validity or application of any such law or rule in any manner which does not, in the opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder.

SECTION 9. USE AND POSSESSION; ASSIGNMENTS BY LESSEE.

(a) Lessee's Rights to the Equipment. So long as no Event of Default shall have occurred and be continuing, the Lessee shall

be entitled to the possession, use and quiet enjoyment of the Equipment in accordance with the terms of this Lease (including delivery of the same to repair or testing facilities or railroad companies or other carriers for movement thereof in accordance with instructions of the Lessee) but without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in any of the Equipment.

(b) Use and Possession by Lessee; Interchange; "Mileage". The Lessee agrees that the Equipment will be used in unit train service within the continental United States for delivery of coal to SPS's Harrington Generating Station located near Amarillo, Texas. The Lessee agrees that it will not, without the prior written consent of the Lessor, assign this Lease or any of its rights hereunder or sublease any Item of Equipment; provided, however, that nothing contained in this Lease shall be deemed to prevent the assignment or sublease of any Item of Equipment to a Subsidiary or an Affiliate of the Lessee. No such assignment, sublease or permitted use shall relieve the Lessee of any of the obligations, liabilities or duties hereunder which shall be and remain those of a principal and not a surety. The Lessee may receive and retain for its own account such compensation for subletting the Equipment and/or for the use of the Equipment by others as the Lessee may determine. Without limiting the provisions of the foregoing, it is contemplated that the Lessee shall receive insofar as applicable law and regulations allow, all mileage allowance rentals and/or other compensation (hereinafter referred to as "Mileage") payable by carriers by reason of use of the Items of Equipment and if for any reason the Lessor shall receive any Mileage, then (unless an Event of Default shall have occurred and be continuing, in which event such Mileage or portion thereof shall be retained by the Lessor until such Event of Default shall no longer be continuing), the Lessor shall remit such Mileage to the Lessee promptly after the Lessee shall furnish to the Lessor, at the Lessee's expense, either (i) a ruling of the Interstate Commerce Commission to the effect that the remittance thereof to the Lessee will not constitute a rebate within the meaning of 49 U.S.C. Section 41, as amended, or (ii) an opinion of counsel to such effect.

SECTION 10. LIENS.

(a) Covenant of Lessee. The Lessee agrees that it will keep the Equipment free and clear of any and all liens, charges and encumbrances other than (i) Permitted Encumbrances, and (ii) liens, charges or encumbrances which are caused by the Lessor or secure obligations of the Lessor and which the Lessee has not assumed and is not obligated to discharge under any other provision of this Lease.

(b) Covenant of Lessor. The Lessor agrees that it will keep the Equipment free and clear of any and all liens, charges or encumbrances which are caused by the Lessor, or secure any obligations

of the Lessor, except the lien of the Indenture and liens, charges and encumbrances which the Lessee has assumed or is obligated to discharge under this Lease, and will obtain and deliver, when the debt secured thereby has been paid, waivers or releases of the lien of the Indenture in recordable form satisfactory to the Lessee.

SECTION 11. OWNERSHIP AND MARKING.

(a) Ownership. The Lessee acknowledges and agrees that by the execution hereof it does not and will not have or obtain any title to the Equipment, nor any property right or interest, legal or equitable, therein, except solely as lessee hereunder and subject to all the terms hereof.

(b) Marking. The Lessee represents, covenants and warrants that prior to or concurrent with the delivery of each Item of Equipment, the Lessee will cause each such Item to be plainly, permanently and conspicuously marked by stencilling or by a metal tag or plate affixed thereto, printed in contrasting color upon each side of each Item of Equipment in letters not less than one inch in height as follows:

"LEASED FROM SWINDELL-DRESSLER LEASING
COMPANY, OWNER-LESSOR; AND SUBJECT TO
A SECURITY INTEREST RECORDED WITH THE
INTERSTATE COMMERCE COMMISSION"

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

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

The Lessee covenants and agrees to indemnify the Lessor, the Noteholders and the Security Trustees against any liability, loss or expense incurred by any of them as a result of the failure to maintain such markings.

SECTION 12. DISCLAIMER OF WARRANTIES; NET LEASE.

(a) Disclaimer of Warranties. Without waiving any claim the Lessee or the Lessor may have against any Manufacturer, the Lessee acknowledges and agrees that (i) each Item of Equipment is of a design, capacity and manufacture selected by the Lessee, (ii) the Lessee is satisfied that each Item of Equipment is suitable for its purposes, (iii) the Lessor is not a manufacturer nor a dealer in property of such kind, and (iv) THE LESSOR LEASES THE EQUIPMENT, AS-IS WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (a) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OR DESIGN OR QUALITY OF THE EQUIPMENT, (b) THE LESSOR'S TITLE THERETO, (c) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (d) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE.

(b) Net Lease; Non-Abatement of Rent. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against any Manufacturer of the Equipment, 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 failure of title of the Lessor to the Equipment or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the prohibition of the Lessee's use of, or inability of the Lessee to use, the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events.

SECTION 13. CASUALTY OCCURRENCES; CONDEMNATION.

(a) Casualty Occurrence. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or, in the reasonable opinion of the Lessee, irreparably damaged, or the title

or use of such Item of Equipment shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for any period whatsoever (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor and the Security Trustees in regard thereto and shall promptly replace such Item in accordance with the terms of Section 13(b) hereof.

(b) Replacement of Equipment. When an Item of Equipment has suffered a Casualty Occurrence, the Lessee shall promptly, but in any event within 90 days after delivery of the notice with respect to such Casualty Occurrence, replace such Item with an Item of new standard gauge railroad equipment (the "Replacement Item") which shall be of the same character as the Equipment described in Schedule A-1, A-2 or A-3 hereto, which Replacement Item shall be of a quality and have a value and utility at least equal to that of the Item having suffered the Casualty Occurrence immediately prior to such Casualty Occurrence and which Replacement Item shall otherwise conform to the requirements of this Lease. Without limiting the foregoing, the Lessee shall at the time the Replacement Item is delivered hereunder, file with the Lessor and the Security Trustees in such number of counterparts as may be reasonably be requested:

(i) a certificate of the President or a Vice President of the Lessee certifying that the Replacement Item is new standard gauge railroad equipment of substantially the same character as the Equipment described in Schedule A-1, A-2 or A-3 hereto, that it has been plated or marked as required by the provisions of Section 11(b) hereof and that the Replacement Item has a quality and value and utility at least equal to that of the Item having suffered the Casualty Occurrence immediately prior thereto;

(ii) an invoice marked paid by the seller of, and a bill of sale warranting to the Lessor good title free and clear of all liens and encumbrances whatsoever to, the Replacement Item, together with a supplement or amendment to this Lease and a Certificate of Acceptance in respect of the Replacement Item executed by the Lessee; and

(iii) an opinion of counsel for the Lessee to the effect that: (1) such bill of sale is valid and effective, either alone or together with any other instruments referred to in and accompanying such opinion, to vest in the Lessor title to the Replacement Item free from all claims, liens, security interests and other encumbrances, (2) that a proper supplement or amendment to this Lease in respect of the Replacement Item has been duly authorized, executed and delivered by the parties thereto and is legal, valid, binding and enforceable in accordance with its terms, except as such terms may be limited by bankruptcy, insolvency or similar laws affecting the enforceability of creditors'

rights generally, (3) no consent, approval or authorization of any governmental authority is required on the part of the Lessee in connection with the execution and delivery of such supplement or amendment, and (4) such supplement or amendment (or financing statement or a similar notice thereof if and to the extent permitted or required by applicable law) has been filed for record or recorded in all public offices in the United States of America wherein such filing or recordation is necessary to protect the right, title and interest of the Lessor in and to the Replacement Item.

Upon compliance with the terms of this Section 13(b), the Lessee shall dispose of the Item having suffered the Casualty Occurrence upon the terms and in the manner contemplated by Section 13(d) hereof.

(c) Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of any Item or Items of Equipment in respect of which a Replacement Item has been accepted hereunder as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "AS-IS, WHERE-IS" basis without representation or warranty, expressed or implied. As to each separate Item of Equipment so disposed of, the Lessee may retain all amounts of such price plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence up to the Purchase Price of such Replacement Item and shall remit the excess, if any, to the Lessor. In disposing of such Item or Items of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item or Items of Equipment.

(d) Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 13 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date hereof and continuing until acceptance hereunder of a Replacement Item in respect thereof such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

SECTION 14. ASSIGNMENTS BY LESSOR.

(a) Permitted Assignments. The Lessor has assigned this Lease and the rents and other sums at any time due and to become due or at any time owing or payable by the Lessee to the Lessor under any of the provisions of this Lease to the Security Trustees, and the Lessee hereby consents and agrees to such assignment and agrees to make payments as provided in Section 4(c) hereof.

(b) Rights of Security Trustees. The Security Trustees shall not be obligated to perform any duty, covenant or condition required to be performed by the Lessor under any of the terms hereof, but on the contrary, the Lessee by its execution hereof acknowledges and agrees that notwithstanding any such assignment each and all such covenants, agreements, representations and warranties of the Lessor shall survive such assignment and shall be and remain the sole liability of the Lessor and of every person, firm or corporation succeeding (by merger, consolidation, purchase of assets or otherwise) to all or substantially all of the business assets or goodwill of the Lessor. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of the Security Trustees in and to the rents and other sums payable by the Lessee under any provisions of this Lease shall be absolute and unconditional and shall not be subject to any abatement whatsoever, or to any defense, setoff, counterclaim or recoupment whatsoever by reason of any damage to or loss or destruction of the Equipment (except as otherwise provided in Section 13 hereof) or by reason of any defect in or failure of title of the Lessor to the Equipment or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof or by reason of any indebtedness or liability howsoever and whenever arising of the Lessor to the Lessee or to any other person, firm, corporation or governmental agency or taxing authority or for any other reason, and (ii) the Security Trustees shall have the sole right to exercise all rights, privileges and remedies (either in their own name or in the name of the Lessor for the use and benefit of the Security Trustees) which by the terms of this Lease or by applicable law are permitted or provided to be exercised by the Lessor.

(c) Security Interest Subject to Lease. It is further understood and agreed that the lien and security interest in the Equipment granted to the Security Trustees as additional security for indebtedness of the Lessor pursuant to the Indenture is subject to the right, title and interest of the Lessee under this Lease in and to the Equipment.

SECTION 15. DEFAULTS.

In any of the following events ("Events of Default"):

(a) The Lessee shall default in the payment of any installment of Fixed Rent and such default shall continue for a period of ten days; or

(b) The Lessee shall default in the maintenance of the insurance coverage required by Section 7 hereof or shall default in the observance or performance of any covenant, condition or agreement required to be observed or performed by the Lessee under the Assignment and such default shall continue for a period of 30 days; or

(c) The Lessee shall default in the observance or performance of any other of the covenants, conditions and agreements required to be observed or performed by the Lessee hereunder and such default shall continue for more than 30 days after written notice thereof from the Lessor to the Lessee, specifying the default and demanding the same to be remedied; or

(d) Any representation or warranty made by the Lessee herein or in any statement or certificate furnished to the Lessor, the Security Trustees or the Noteholders proves untrue in any material respect as of the date of issuance or making thereof; or

(e) The Lessee, TUCO or any Substantial Subsidiary of either such corporation fails to make any payment on any Indebtedness or other Security or Pullman, SPS or any Substantial Subsidiary of either such corporation (other than the Lessee and TUCO) fails to make any payment of \$100,000 or more on any Indebtedness or other Security or any event (other than the mere passage of time) shall occur and be continuing or any condition shall exist in respect of any Indebtedness or other Security of the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations or under any agreement securing or relating to such Indebtedness or other Security, the effect of which is (i) to cause (or permit any holder of such Indebtedness or other Security, or a trustee to cause) such Indebtedness or other Security or a portion thereof, to become due prior to its stated maturity or prior to its regularly scheduled dates of payment, or to terminate or to initiate appropriate proceedings to enforce any lease, or (ii) to permit a trustee or the holder of any Security (other than common stock of the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any such corporation, as the case may be) to elect a majority of the directors on the Board of Directors of such corporation; or

(f) A receiver, liquidator or trustee of the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, or of any of the property of any such corporation, is appointed by court order and such order remains in effect for more than 30 days; or the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, is adjudicated bankrupt or insolvent; or any of the property of any such corporation is sequestered by court order and such order remains

in effect for more than 30 days; or a petition is filed against the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, under any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, and is not dismissed within 30 days after such filing; or

(g) The Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations files a petition in voluntary bankruptcy or seeking relief under any provision of any bankruptcy, reorganization, arrangement, insolvency, readjustment of debt, dissolution or liquidation law of any jurisdiction, whether now or hereafter in effect, or consents to the filing of any petition against it under such law; or

(h) The Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, makes an assignment for the benefit of its creditors, or admits in writing its inability to pay its debts generally as they become due, or consents to the appointment of a receiver, trustee or liquidator of the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, or of all or any part of the property of any such corporation; or

(i) Final judgment or judgments for the payment of money aggregating in excess of \$50,000 is or are outstanding against the Lessee, Pullman, TUCO, SPS or any Substantial Subsidiary of any of the aforementioned corporations, and any one of such judgments has been outstanding for more than 30 days from the date of its entry and has not been discharged in full or stayed; or

(j) An Event of Default under the Master Coal Service Agreement; or

(k) An Event of Default under the Facilities Lease; or

(l) Pullman shall fail to perform or comply with any of the provisions of the Pullman Guaranty or the Pullman-SDESCO Guaranty; or

(m) SPS shall fail to perform or comply with any of the provisions of the SPS Guaranty or the Subordination Agreement; or

(n) The Pullman Guaranty, the Pullman-SDESCO Guaranty, the SPS Guaranty or the Master Coal Service Agreement shall cease to be in full force and effect for any reason whatsoever, including, without limitation, a determination by any governmental body or court that any such agreement is invalid, void or unenforceable.

The Lessor, at its option may, if such Event of Default is then continuing:

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

B. By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate, but the Lessee shall remain liable as hereinafter provided, and thereupon, the Lessor may by its agents enter upon the premises of the Equipment or other premises where any of the Equipment may be located, without judicial process if this can be done without breach of the peace, and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatsoever; 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 rent for any number of days less than a full rent period by a fraction of which the numerator is such accrued number of days and the denominator is the total number of days in such full rent period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, at the option of the Lessor, either (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rent for such Items which would otherwise have accrued hereunder (which for purposes of this Section 15B(i)(x) shall be deemed to be the Minimum Service Fee Payments payable by TUCO under the Master Coal Service Agreement) from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Market Rental Value of such Item for such period, such present worth to be computed in each case on a basis of a 5% per annum discount, compounded monthly from the respective dates upon which rent would have been payable

hereunder had this Lease not been terminated, or (y) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rent for such Items which would otherwise have accrued hereunder (which for purposes of this Section 15B(i)(y) shall be deemed to be the Minimum Service Fee Payments payable by TUCO under the Master Coal Service Agreement) from the date of such termination to the end of the term of this Lease over the then fair market sales value (computed in the manner contemplated by Section 19(b) hereof) of such Item for such period, such present worth to be computed in each case on a basis of a 5% per annum discount, compounded monthly from the respective dates upon which rent would have been payable hereunder had this Lease not been terminated, and (ii) 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 or covenants of this Lease, other than for the payment of rent. It is understood and agreed by the Lessor and the Lessee that payment in full of the sums contemplated by clauses (i) and (ii) of this Section 15B shall also satisfy the requirements of clauses (i) and (ii) of Section 15B of the Facilities Lease.

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

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

As used in this Section 15, the term "Indebtedness" of any corporation shall mean, without duplication (i) all items except capital stock, surplus and surplus reserves which, in accordance with generally accepted accounting principles, are liabilities upon a balance sheet of such corporation, (ii) rents payable by such corporation under all leases having a fixed term of three years or more from the original date or which are renewable or extendible by the lessee for a period or periods

aggregating three years or more from the original date, (iii) all indebtedness, obligations and liabilities secured by any lien existing on property owned by such corporation subject to such lien, whether or not such indebtedness, obligations or liabilities have been assumed, and (iv) all guarantees (whether by discount or otherwise), endorsements (other than for collection or deposit in the ordinary course of business) and other contingent obligations to purchase, or otherwise acquire, or become liable upon or in respect of, the indebtedness, obligations or liabilities of any person or other entity whether or not reflected in the balance sheet of such corporation.

SECTION 16. DISPOSITION OF EQUIPMENT.

(a) Return of Equipment to Lessor. Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Item of Equipment to the Lessor upon such storage tracks within the continental United States as shall be reasonably designated by the Lessor, or in the absence of such designation, as the Lessee may select. The Lessee will provide storage of such Item of Equipment on such tracks for a period not exceeding 90 days and transport the same at any time within such 90-day period to any connecting carrier for shipment, all as directed by the Lessor upon not less than thirty (30) days' written notice to the Lessee. All movement and storage of each Item of Equipment is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by the Lessor, including the authorized representative or representatives of any prospective purchaser of any Item of Equipment, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Items of Equipment 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.

(b) Return Following Default. If the Lessor shall terminate this Lease pursuant to Section 15 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith assemble and place such Equipment upon such storage tracks within the continental United States as shall be reasonably designated by the Lessor or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment upon such storage tracks determined pursuant to clause (a) above without charge to the Lessor until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport any Items of Equipment from such place of storage to any place on the lines of a railroad within a 100-mile radius of such place of storage, all as the Lessor may reasonably direct upon not less than thirty days' written notice to the Lessee.

The assembling, delivery, storage and transporting of the Equipment as herein 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 as to assemble, deliver, store and transport the Equipment. All amounts earned in respect of the Items of Equipment 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.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 16, 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 Item of Equipment to the Lessor, to demand and take possession of such Item of Equipment in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item of Equipment.

SECTION 17. CONSOLIDATION, MERGER AND SALE OF ALL ASSETS.

Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety. The Lessee will not, nor will it permit any Substantial Subsidiary to, merge or consolidate with any other corporation (except that a Substantial Subsidiary may consolidate with or merge

into the Lessee or a wholly-owned Subsidiary) or sell, lease or otherwise dispose of all or substantially all of its assets to any person, firm or corporation, if in any such transaction the rights and powers of the Lessor, the Noteholders or the Security Trustees will be adversely affected or if immediately after such transaction, a Default or an Event of Default shall have occurred and be continuing to the knowledge of the Lessee and, provided further, that any corporation which is to be the surviving or acquiring corporation in such transaction, (a) shall be a corporation organized and existing under the laws of the United States of America or a state thereof, (b) shall, if the Lessee is a party to the merger or consolidation or is the transferring corporation, by agreement in writing, expressly assume the due and punctual payment of the rents and other sums due and to become due under this Lease and the due and punctual performance and observance of all the covenants and provisions of this Lease, the Facilities Lease, the Assignment and the Master Coal Service Agreement to be performed by the Lessee, and (c) shall, immediately after giving effect to such transaction, have a net worth and net current assets not less than 90% of the net worth and 90% of the net current assets, respectively, of the Lessee or such Substantial Subsidiary, as the case may be, immediately prior to such transaction, determined in each case on a consolidated basis excluding patents, trademarks, copyrights and goodwill.

SECTION 18. FINANCIAL STATEMENTS AND REPORTS; INSPECTION AND CERTIFICATES.

(a) Financial Statements and Other Reports. The Lessee agrees that it will maintain its financial statements in a manner which fairly presents the financial condition of the Lessee and its consolidated Subsidiaries, the results of their operations and changes in their financial position in accordance with generally accepted accounting principles consistently applied. The Lessee will furnish to the Lessor, the Security Trustees, the Interim Lender and each Purchaser, so long as any such Person shall hold any Notes, and each holder of 5% or more of the unpaid principal amount of said outstanding Notes who shall have requested the same in writing:

(i) Quarterly Statements. As soon as practicable after the end of the first, second and third quarterly fiscal periods in each fiscal year of the Lessee, and in any event within 45 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of the Lessee and its consolidated Subsidiaries, if any, as at the end of such quarter, and

(2) consolidated statements of income and of surplus of the Lessee and its consolidated Subsidiaries, if any, for such quarter and (in the case of the second and third quarters) for the portion of the fiscal year ending with such quarter,

setting forth in each case in comparative form the amounts for the corresponding periods of the preceding fiscal year, all in reasonable detail and certified as complete and correct, subject to changes resulting from fiscal year-end adjustments, by a principal financial officer of the Lessee;

(ii) Annual Statements. As soon as practicable after the end of each fiscal year of the Lessee, and in any event within 90 days thereafter, duplicate copies of:

(1) a consolidated balance sheet of the Lessee and its consolidated Subsidiaries, if any, at the end of such year, and

(2) consolidated statements of operations, earned surplus and changes in financial position of the Lessee and its consolidated Subsidiaries, if any, for such year,

setting forth in each case in comparative form the amounts for the previous fiscal year, all in reasonable detail and accompanied by a certificate of a principal financial officer of the Lessee stating that such financial statements fairly present the financial condition of the Lessee and such Subsidiaries and have been prepared in accordance with generally accepted accounting principles consistently applied;

(iii) Audit Reports. Promptly upon receipt thereof, one copy of each report, if any, submitted to the Lessee by independent certified public accountants;

(iv) SEC and Other Reports. Promptly upon their becoming available one copy of each regular or periodic report and any registration statement, prospectus or written communication (other than transmittal letters) in respect thereof, if any, filed by the Lessee with, or received by the Lessee in connection therewith from, any securities exchange or the Securities and Exchange Commission or any successor agency;

(v) Notice of Default. Immediately upon becoming aware of the existence of a Default or an Event of Default a written notice specifying the nature of the Event of Default and what action the Lessee is taking or proposes to take with respect thereto;

(vi) Notice of Claimed Default. Immediately upon becoming aware that the holder of any evidence of indebtedness of the Lessee or any Substantial Subsidiary has given notice or taken any other action with respect to a claimed default in respect of such indebtedness, a written notice specifying the notice given or action

taken by such holder and the nature of the claimed default and what action the Lessee is taking or proposes to take with respect thereto;

(vii) Information in Respect of Damages and Taxes. Such information and data as the Lessor, the Security Trustees, the Interim Lender or any Purchaser, so long as any such Person shall hold any Notes or any holder or holders of 5% or more of the unpaid principal amount of said outstanding Notes may from time to time reasonably request as to location and the existence and status of any claims for damages (whether against the Equipment or against the Lessor or the Lessee) arising out of the use, operation or condition of the Equipment, the taxes of the nature provided to be paid by the Lessee under Section 5(a) hereof which have been assessed and the amount of such taxes paid, and such other data pertinent to the Equipment and the condition, use, repair and operation thereof (except information restricted by contract and information deemed by the Lessee to be confidential trade information) as any such party from time to time may reasonably request. Without limiting the foregoing, the Lessee agrees that, without any such request, it will furnish the Lessor and the Noteholders with prompt written notice of (1) any claim for damages arising out of the use, operation or condition of the Equipment if the amount of such claim exceeds \$100,000, and (2) any damage, loss, theft or destruction, partial or complete, of any of the Equipment, if the amount thereof exceeds \$100,000;

(viii) Equipment Reports. On or before April 1 in each year, commencing with the year 1979, an accurate statement, as of the end of the preceding calendar year (1) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during such calendar year (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as any such party may reasonably request, and (2) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 11(b) hereof shall have been preserved or replaced; and

(ix) Requested Information. With reasonable promptness, such other data and information as from time to time may be reasonably requested.

(b) Officer's Certificate. Each set of financial statements delivered by the Lessee pursuant to Section 18(a)(1) or Section 18(a)(11) will be accompanied by a certificate of the President or a principal financial officer of the Lessee stating that the signer has reviewed the relevant terms of this Lease,

including, without limitation, the provisions of Section 8(a) hereof, the Facilities Lease, the Assignment and the Master Coal Service Agreement, and has made, or caused to be made, under his supervision, a review of the transactions and conditions of the Lessee from the beginning of the fiscal period covered by the statements of operations being delivered therewith to the date of the certificate and that such review has not disclosed the existence during such period of any condition or event which constitutes an Event of Default or Default, or, if any such condition or event existed or exists, specifying the nature and period of existence and what action the Lessee has taken or proposes to take with respect thereto.

(c) Accountants' Report. If at any time the financial statements of the Lessee are certified by a firm of independent public accountants, each set of annual financial statements of the Lessee will be accompanied by a certificate of the accountants who certify such financial statements stating that they have reviewed this Lease and have obtained no knowledge of any Default or Event of Default, or, if such accountants have obtained knowledge of any such Default or Event of Default, they shall disclose the nature and period of existence thereof and what action, if any, the Lessee has taken with respect thereto.

(d) Inspection; Confidentiality. The Lessee will permit any representative of the Lessor, the Security Trustees, the Interim Lender or any Purchaser, so long as any such Person shall hold any Notes, or any holder of 5% or more of the unpaid principal amount of said Notes (in the case of any such party, at such party's risk and expense) to visit and inspect the Equipment, and to discuss the affairs, finances and accounts with respect thereto and with respect to the Lessee with the officers, employees and independent certified public accountants (and by this provision, the Lessee authorizes said accountants to discuss with such representative the finances and affairs of the Lessee), all at such reasonable times and as often as may be reasonably requested.

(e) Accounting Principles. Where the character or amount of any asset or liability or item of income or expense is required to be determined or any consolidation or other accounting computation is required to be made for the purposes of this Lease, this shall be done in accordance with generally accepted accounting principles, to the extent applicable.

SECTION 19. RENEWAL OPTIONS.

Provided that no Default or Event of Default has occurred and is continuing, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Equipment then leased hereunder for two additional renewal terms of five years each upon and subject to the terms and conditions herein

contained for the original term of this Lease; provided, that the monthly Fixed Rent payable for and during any such renewal term shall be an amount equal to the Fair Market Rental Value (as hereinafter defined) of the Equipment. Each renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of any renewal term provided for in this Section 19; and

(b) The Fair Market Rental Value of the Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If on or before 90 days prior to the date of commencement of the renewal term elected by the Lessee, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental Value of the Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or, if such appraisers cannot agree on the amount of such value within 60 days prior to the date of commencement of the renewal term elected by the Lessee, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee.

SECTION 20. MISCELLANEOUS.

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

If to the Lessor: Swindell-Dressler Leasing Company
c/o Pullman Incorporated
200 South Michigan Avenue
Chicago, Illinois 60604

Attention: Treasurer

If to the Lessee: Swindell-Dressler Energy Supply Company
Ten Broadway Building
Salt Lake City, Utah 84101

Attention: Mr. I. S. Huff, President

If to any Noteholder: At its address set forth in the
Register referred to in the Indenture

If to the Security Trustees: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690

Attention: Indenture Trust Division

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

(b) Counterparts. This Lease may be executed in any number of counterparts, each of which so executed shall be deemed to be an original and in each case such instrument shall constitute but one and the same instrument.

(c) Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, the Lessor may, but shall not be obligated to, make advances to perform the same and to take all such action as in the Lessor's opinion may be necessary to obtain such performance. All payments so made by the Lessor and all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the Lessor upon demand as additional rent hereunder, with interest at the rate of 10% per annum (or at such lesser rate as shall be enforceable under then applicable law).

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

(e) Recording; Further Assurances. Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease and any security agreement and/or assignment, if any, executed by the Lessor with respect to the Equipment or the Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act and in such other places within or without the United States as the Lessor may reasonably request for the protection of its title or the security interest under any such security agreement and/or

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

(f) Non-Liability of the Lessor. The Lessor shall not be liable in any way to the Lessee for any loss, damage or expense of any kind caused directly or indirectly by any Item of Equipment or the use, maintenance, handling or storage thereof, or because any Item of Equipment is or shall become unsuitable or unserviceable, or for any interruption of service or loss of use thereof, or for any loss of business or damage whatsoever or howsoever caused thereby. In addition, the Lessor shall not be liable to the Lessee for any delay in delivering, or for failure to deliver, any Item of Equipment.

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

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

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

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

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

[SEAL]

SWINDELL-DRESSLER LEASING COMPANY

ATTEST:

By

Its

Richard W. Foster
VICE PRESIDENT

Its

William O'Keefe
ASSISTANT SECRETARY

LESSOR

[SEAL]

SWINDELL-DRESSLER ENERGY SUPPLY COMPANY

ATTEST:

By

Its

Richard Moffatt
RICHARD W. MOFFATT
VICE PRESIDENT

Its

H. James McKnight
Assistant Secretary

LESSEE

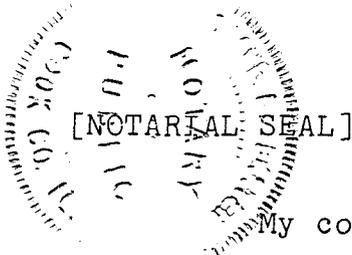
The undersigned attorneys have affixed their signatures below to confirm that the provisions of the foregoing agreement relating to arbitration were included on the advice of counsel.

John J. McLean
John J. McLean, Esq.

H. James McKnight
H. James McKnight, Esq.

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 14th day of April, 1978, before me personally appeared Nicole W. Foster, to me personally known, who being by me duly sworn, says that she is a VICE PRESIDENT of SWINDELL-DRESSLER LEASING COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and she acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.



Diane D. Baxter
Notary Public

NOTARY PUBLIC STATE OF ILLINOIS
MY COMMISSION EXPIRES JUNE 30 1981
ISSUED THRU ILLINOIS NOTARY ASSOC.

My commission expires:

STATE OF Utah)
) SS
COUNTY OF Salt Lake)

On this 11th day of April, 1978, before me personally appeared Richard J. Moffat, to me personally known, who being by me duly sworn, says that he is a Vice-President of SWINDELL-DRESSLER ENERGY SUPPLY COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

[NOTARIAL SEAL]

Shirley M. Soreman
Notary Public

My commission expires:

7/27/80

DESCRIPTION OF EQUIPMENT

MANUFACTURER: Ortner Freight Car Company

PLANT OF MANUFACTURER: Covington, Kentucky

DESCRIPTION OF EQUIPMENT: One hundred twenty-eight (128) 3850 cu. ft. capacity coal "Rapid Discharge" coal hopper cars, bearing Road Mark and Numbers SDEX 10001 to SDEX 10032, both inclusive; SDEX 10034 to SDEX 10097, both inclusive; and SDEX 10099 to SDEX 10130, both inclusive

SPECIFICATIONS: Manufacturer's Specification No. OCN 1130 10-73 dated October 1, 1973 and supplement #1 dated February 5, 1974

PURCHASE PRICE: \$32,894.43 per item (\$4,210,487.04 for 128 items)

DELIVER TO: Swindell-Dressler Energy Supply Company

PLACE OF DELIVERY: Gillette, Wyoming

OUTSIDE DELIVERY DATE: April 1, 1978

DESCRIPTION OF EQUIPMENT

MANUFACTURER: Pullman Incorporated (Pullman-Standard Division)

PLANT OF MANUFACTURER: Bessemer, Alabama

DESCRIPTION OF EQUIPMENT: One hundred thirty (130) 100-ton capacity quadruple open top, double automatic discharge door "Standard T-16" coal hopper railroad cars bearing Road Mark and Numbers SDEX 10131 to SDEX 10260, both inclusive

SPECIFICATIONS: Manufacturer's Specification No. 3628

PURCHASE PRICE: \$39,711.38 per item (\$5,162,476.40 for 130 items)

DELIVER TO: Swindell-Dressler Energy Supply Company

PLACE OF DELIVERY: Gillette, Wyoming

OUTSIDE DELIVERY DATE: August 30, 1978

DESCRIPTION OF EQUIPMENT

MANUFACTURER: Ortner Freight Car Company

PLANT OF MANUFACTURER: Covington, Kentucky

DESCRIPTION OF EQUIPMENT: One hundred twelve (112) 3850 cu. ft. capacity coal "Rapid Discharge" coal hopper cars, bearing Road Mark and Numbers SDEX 10261 to SDEX 10372, both inclusive

SPECIFICATIONS: Manufacturer's Specification No. OC 586

ESTIMATED PURCHASE PRICE: \$38,886.00 per item (\$4,355,232.00 for 112 items)

DELIVER TO: Swindell-Dressler Energy Supply Company

PLACE OF DELIVERY: Gillette, Wyoming

OUTSIDE DELIVERY DATE: August 30, 1978

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT LEASE

TO: Swindell-Dressler Leasing Company (the "Lessor")
and Ortner Freight Car Company or Pullman Incorporated
(Pullman-Standard Division), as applicable (the "Manufacturer").

I, a duly appointed and authorized representative of Swindell-Dressler Energy Supply Company (the "Lessee") under the Equipment Lease, dated as of February 1, 1978, between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery under the Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

MARKED AND NUMBERED:

I do further certify that the foregoing Items of Equipment are in good order and condition, and appear to conform to the Specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Leased from Swindell-Dressler Leasing Company,
Owner-Lessor; and subject to a Security Interest
Recorded with the Interstate Commerce Commission"

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: , 1978

Inspector and Authorized Representative
of the Lessee

EXHIBIT B
(to Equipment Lease)

SCHEDULE OF LOAN VALUE

LOAN VALUE: The following percentage of the Purchase Price of an Item of Equipment shall constitute the Loan Value thereof as of, and for the calendar quarter next preceding, the respective dates set forth below:

<u>Date of Determination</u>	<u>Loan Value</u>
January 1, 1979	80.00%
April 1, 1979	79.63
July 1, 1979	79.26
October 1, 1979	78.88
January 1, 1980	78.49
April 1, 1980	78.09
July 1, 1980	77.68
October 1, 1980	77.27
January 1, 1981	76.84
April 1, 1981	76.40
July 1, 1981	75.96
October 1, 1981	75.50
January 1, 1982	75.03
April 1, 1982	74.56
July 1, 1982	74.07
October 1, 1982	73.58
January 1, 1983	73.86
April 1, 1983	72.54
July 1, 1983	72.01
October 1, 1983	71.46
January 1, 1984	70.90
April 1, 1984	70.34
July 1, 1984	69.75
October 1, 1984	69.16
January 1, 1985	68.55
April 1, 1985	67.92
July 1, 1985	67.29
October 1, 1985	66.64
January 1, 1986	65.97
April 1, 1986	65.29
July 1, 1986	64.59
October 1, 1986	63.88
January 1, 1987	63.16
April 1, 1987	62.41
July 1, 1987	61.65
October 1, 1987	60.87
January 1, 1988	60.08
April 1, 1988	59.26
July 1, 1988	58.43

Date of DeterminationLoan Value

October 1, 1988	57.58%
January 1, 1989	56.71
April 1, 1989	55.82
July 1, 1989	54.91
October 1, 1989	53.98
January 1, 1990	53.03
April 1, 1990	52.06
July 1, 1990	51.07
October 1, 1990	50.05
January 1, 1991	49.01
April 1, 1991	47.95
July 1, 1991	46.86
October 1, 1991	45.75
January 1, 1992	44.62
April 1, 1992	43.46
July 1, 1992	42.27
October 1, 1992	41.06
January 1, 1993	39.81
April 1, 1993	38.54
July 1, 1993	37.25
October 1, 1993	35.92
January 1, 1994	34.56
April 1, 1994	33.18
July 1, 1994	31.76
October 1, 1994	30.31
January 1, 1995	28.82
April 1, 1995	27.31
July 1, 1995	25.76
October 1, 1995	24.17
January 1, 1996	22.55
April 1, 1996	20.89
July 1, 1996	19.20
October 1, 1996	17.46
January 1, 1997	15.69
April 1, 1997	13.88
July 1, 1997	12.03
October 1, 1997	10.13
January 1, 1998	8.19
April 1, 1998	6.21
July 1, 1998	4.19
October 1, 1998	2.12
January 1, 1999	. -
and thereafter during the storage period	