CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

TELEX
RCA 233663
WUI 125547
WUI 620976

RECORDATION NO. 10740 Filed 1425
AUG 13 1979 -3 15 PM
INTERSTATE COMMERCE COMMISSION

MAURICE T. MOORE
BRUCE BROMLEY
WILLIAM B. MARSHALL
RALPH L. McAFEE
ROYALL VICTOR
ALLEN H. MERRILL
HENRY W. DE KOSMIAN
ALLEN F. MAULSBY
STEWARD R. BROSS, JR.
HENRY P. RIORDAN
JOHN R. HUPPER
SAMUEL C. BUTLER
WILLIAM J. SCHRENK, JR.
BENJAMIN F. CRANE
FRANCIS F. RANDOLPH, JR.
JOHN F. HUNT
GEORGE J. GILLESPIE, III
RICHARD S. SIMMONS
WAYNE E. CHAPMAN
THOMAS D. BARR
MELVIN L. BEDRICK
GEORGE T. LOWY
ROBERT ROSENMAN
JAMES H. DUFFY

ALAN J. HRUSKA
JOHN E. YOUNG
JAMES M. EDWARDS
DAVID G. ORMSBY
DAVID L. SCHWARTZ
RICHARD J. HIEGEL
FREDERICK A. O. SCHWARZ
CHRISTINE BESHAR
ROBERT S. RIFKIND
DAVID BOIES
DAVID O. BROWNWOOD
PAUL M. DODYK
RICHARD M. ALLEN
THOMAS R. BROME
ROBERT D. JOFFE
ROBERT F. MULLEN
ALLEN FINKELSON
RONALD S. ROLFE
JOSEPH R. SAHID
PAUL C. SAUNDERS
MARTIN L. SENZEL
DOUGLAS D. BROADWATER
ALAN C. STEPHENSON

COUNSEL
RUSSELL L. GILPATRIC
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

L. R. BRESLIN, JR.
GEORGE B. TURNER
JOHN H. MORSE
HAROLD R. MEDINA, JR.
CHARLES R. LINTON

4, PLACE DE LA CONCORDE
75008 PARIS, FRANCE
TELEPHONE: 265-81-54
TELEX: 290530

33 THROGMORTON STREET
LONDON, EC2N 2BR, ENGLAND
TELEPHONE 01-606-1421
TELEX: 8814901

CABLE ADDRESSES
CRAVATH, N. Y.
CRAVATH, PARIS
CRAVATH, LONDON E. C. 2

10740/R
RECORDATION NO. Filed 1425
AUG 13 1979 -3 15 PM
INTERSTATE COMMERCE COMMISSION

9-225A180

Date AUG 13 1979
Fee $ 100.00
ICC Washington, D. C.

10740/P
RECORDATION NO. Filed 1425
AUG 13 1979 -3 15 PM
INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10740/C Filed 1425
AUG 13 1979 -3 15 PM
INTERSTATE COMMERCE COMMISSION

August 13, 1979

RECEIVED
AUG 13 3 12 PM '79
I.C.C.
FEE OPERATION BR

Boston and Maine Corporation
Lease Financing Dated as of August 1, 1979
12% Conditional Sale Indebtedness
Due September 15, 1993
[CS&M Ref.: 5507-001]

Dear Sir:

Pursuant to 49 U.S.C. § 11303(a), I enclose herewith on behalf of First Security Bank of Utah, N.A. (a party to this transaction) for filing and recordation counterparts of the following documents:

New Number

1. (a) Conditional Sale Agreement dated as of August 1, 1979, between Arlington-Integrated (Rail), Inc., as Owner, and PACCAR, Inc., as Builder; and

— A

(b) Agreement and Assignment dated as of August 1, 1979, between PACCAR, Inc., as Builder, and First Security Bank of Utah, N.A., as Agent.

— B

2. (a) Lease of Railroad Equipment dated as of August 1, 1979, between Robert W. Meserve and Benjamin H. Lacy, Trustees of the Property of Boston and Maine Corporation, as Lessee, and Arlington-Integrated (Rail), Inc., as Owner; and

Counterpart E C Bryant

(b) Assignment of Lease and Agreement dated as of August 1, 1979, between Arlington-Integrated (Rail), Inc., as Owner, and First Security Bank of Utah, N.A., as Agent.

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

(1) Agent-Assignee:

First Security Bank of Utah, N.A.
79 South Main Street
Salt Lake City, Utah 84111

(2) Owner-Lessor:

Arlington-Integrated (Rail), Inc.
295 Madison Avenue
New York, N. Y. 10017

(3) Builder-Vendor:

PACCAR, Inc.
1400 North 4th Street
Renton, Washington 98055

(4) Lessee:

Robert W. Meserve and
Benjamin H. Lacy, Trustees
of the Property of Boston
and Maine Corporation
Iron Horse Park
North Billerica, Massachusetts 01862

Please file and record the documents referred to in this letter and cross-index them under the names of the Agent-Assignee, the Owner-Lessor, the Builder-Vendor and the Lessee.

The equipment covered by the aforementioned documents consists of 200 50' 6" 70 ton, class XL box car with 10' sliding doors bearing identifying numbers BM 3200-3399, inclusive.

There is also enclosed a check for $100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agree-

ment and Assignment (together constituting one document) and the Lease of Railroad Equipment, and related Assignment of Lease and Agreement (together constituting one document).

Please stamp all counterparts of the enclosed documents with your official recording stamp. You will wish to retain one copy of the instruments for your files. It is requested that the remaining counterparts be delivered to the bearer of this letter.

Very truly yours,

Henry P. Riordan
As Agent for First Security
Bank of Utah, N.A.

Interstate Commerce Commission,
Washington, D. C. 20423

Attention of Mr. H. G. Homme, Jr.,
Secretary.

Encls.

7

Interstate Commerce Commission

Washington, D.C. 20423

8/13/79

OFFICE OF THE SECRETARY

Henry P.Riordan
Cravath,Swaine & Moore
One Chase Manhattan Plaza
New York,N.Y. 10005

Dear Sir:Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act,49 U.S.C. 11303, on 8/13/79 at 3:15pm, and assigned recordation number(s). 10740,10740-A,10740-B,10740-C

Sincerely yours,

Agatha L. Mergenovich

Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

10740
RECORDATION NO.....Filed 1425
AUG 13 1979 -3 15 PM
INTERSTATE COMMERCE COMMISSION

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1979

between

ARLINGTON-INTEGRATED (RAIL), INC.,
Owner,

and

PACCAR, INC.,
Builder,

CONDITIONAL SALE AGREEMENT dated as of August 1, 1979, between PACCAR, INC. (the "Builder" or the "Vendor", as the context may require, as more particularly set forth in Article 1 hereof), and ARLINGTON-INTEGRATED (RAIL), INC., a Delaware corporation (the "Owner").

The Builder agrees to construct, sell and deliver to the Owner, and the Owner agrees to purchase, the railroad equipment described in Annex B hereto (the "Equipment").

The Owner is entering into a Lease of Railroad Equipment dated as of the date hereof with Robert W. Meserve and Benjamin H. Lacy, Trustees of the Property of Boston and Maine Corporation (the "Lessee"), in substantially the form annexed as Annex C hereto (the "Lease").

First Security Bank of Utah, N.A. (the "Assignee"), is acting as agent for certain investors (the "Investors") pursuant to the Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Owner and the Investors.

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

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Owner will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "CSA Assignment") between the Builder and the Assignee, as agent.

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and

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

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

ARTICLE 2. Construction and Sale. The Builder shall construct the Equipment at its plant or plants described in Annex B hereto and will sell and deliver the Equipment to the Owner and the Owner will purchase from the Builder and accept delivery of and pay for the Equipment. Each unit of Equipment shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among the Builder, the Owner and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The Builder represents and warrants that (i) the design, quality and component parts of each unit of the Equipment shall conform, on the date of delivery and acceptance hereunder, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit, (ii) none of such component parts will be used components, (iii) none of such units will have been used so as to preclude the original use thereof by the Owner within the meaning of Sections 48(b)(2) and 167(c)(2) of the Internal Revenue Code of 1954 (as amended) (the "Code") and (iv) each unit of the Equipment will be "new section 38 property" within the meaning of the Code when acquired by the Owner.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment at the place or places specified in Annex B hereto (or if Annex B does not

specify a place or places, at the place or places designated from time to time by the Owner), freight, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until the filings and recordings referred to in Article 18 hereof have been made; and provided, further, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or any event which with notice or lapse of time or both would constitute such an event of default. The Builder agrees not to deliver any unit of Equipment hereunder (a) following receipt of written notice from the Owner or the Assignee of the commencement of any such proceedings or the occurrence of any such event of default or event, as aforesaid, and (b) until it receives notice from the Assignee and the Owner, respectively, that the conditions contained in Paragraphs 6 and 7, respectively, of the Participation Agreement have been met.

Notwithstanding the next succeeding paragraph:

(i) any Equipment not delivered pursuant to the first paragraph of this Article 3, or

(ii) any Equipment not delivered and accepted hereunder for any reason on or prior to October 15, 1979, if the Lessee and the Owner shall not have entered into an amendment to the Lease in form and substance satisfactory to the Vendor and the Owner revising rental payment dates so as to commence on a date subsequent to the date of delivery and acceptance thereof (but prior to March 31, 1980), and the parties hereto shall have entered into an appropriate amendment hereto (if consented to by the Investors) to reflect the necessary changes in Article 4 hereof,

shall be excluded from this Agreement (it being understood that in no event shall the Owner be obligated to enter into any supplement to the Lease in respect of Equipment delivered after March 31, 1980); and the Owner shall be relieved of its obligations to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom.

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

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Owner (who may be employees or agents of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant or plants. The Builder will inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector for the Owner for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto and if no Event of Default or event which, with the giving of notice or the lapse of time, or both, would become such an Event of Default under the Lease, has occurred and is continuing, such inspector shall execute and deliver to the Builder a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Owner and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties contained or referred to herein. Acceptance of any unit of Equipment by the Lessee pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit by the Owner.

Upon delivery of a Certificate of Acceptance with respect to each such unit of Equipment, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties contained or referred to herein.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Owner of any unit of Equipment excluded from this Agreement pursuant to the second paragraph of Article 3 hereof or the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Owner any legal or beneficial

right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Owner any liability, obligation or responsibility with respect thereto.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Owner and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the invoice or invoices delivered to the Owner (which shall include any applicable freight charges) and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Owner (the "Invoices"). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement is then being made would exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto, the Builder (and any assignee of the Builder) and the Owner will enter into an agreement effective as of the date of acceptance thereof, excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Owner and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto, and the Owner shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Owner as is provided in Item 2 of Annex A hereto (a "Group"). The term "Closing Date" with respect to any Group shall mean the date (not later than October 15, 1979) as shall be fixed by the Owner by written notice delivered to the Lessee, the Builder and the Assignee at least seven business days prior to the Closing Date designated therein. At least six business days prior to the Closing Date with respect to a Group of Equipment, the Builder shall present to the Owner and the Lessee the Invoices for the Equipment to be settled for. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in North Billerica, Massachusetts, Salt Lake City, Utah, or New York, New York, are authorized or obligated to remain closed.

The Owner hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby agrees to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 20% of the aggregate Purchase Price of such Group; and

(b) in 167 monthly installments in arrears, as hereinafter provided, an amount equal to the aggregate Purchase Price of such Group, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "Conditional Sale Indebtedness") shall be payable on the 15th day of each month, commencing November 15, 1979, to and including September 15, 1993 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 12% per annum. Such interest shall be payable in arrears to the extent accrued on October 15, 1979, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto, and the aggregate of such installments of principal will completely amortize the remaining Conditional Sale Indebtedness by September 15, 1993. The Owner will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on October 15, 1979, shall be computed on an actual elapsed day, 365-day year, basis.

The Owner will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the

same shall have become due and payable pursuant to the terms hereof at the rate of 13% per annum.

All payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Owner shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

The obligation of the Owner to pay to the Vendor the amount required to be paid pursuant to subparagraph (a) of the third paragraph of this Article 4 with respect to any Group shall be subject to the receipt by the Owner of copies of the documents required to be furnished with respect to such Group pursuant to Section 4 of the CSA Assignment and Paragraph 7 of the Participation Agreement.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles 15 and 16 hereof, it is understood and agreed by the Vendor that the liability of the Owner for all payments to be made by it under and pursuant to this Agreement and for all performance obligations (other than the payments called for by subparagraph (a) of the third paragraph of this Article and as provided in the proviso to the last paragraph of Article 12 hereof), shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if an event of default shall have occurred under Article 15 hereof and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Owner (or any assignee of the Owner) at any time after any event of default and during the continuance thereof: (a) all amounts of rental and all amounts in respect of Casualty Occurrences payable pursuant to the Lease, and (b) any and all other payments or proceeds so received pursuant to the Lease, or for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner pursuant to the Lease, as are indefeasibly received by the Owner

or any assignee of the Owner and as shall equal the portion of the Conditional Sale Indebtedness and/or interest thereon due and payable by the Owner on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences as defined in Article 7 hereof) then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (i) amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner or any assignee of the Owner prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness and/or interest thereon due and payable by the Owner on the date on which amounts with respect thereto received by the Owner or any assignee of the Owner were required to be paid pursuant to the Lease or which exceeded any other payments including payments in respect of Casualty Occurrences due and payable under this Agreement at the time such amounts were payable under the Lease (ii) any indemnity payable to the Lessor pursuant to § 6 or § 9 of the Lease which is not required to be paid hereunder to the Assignee, (iii) any liability insurance proceeds payable to the Lessor pursuant to § 7 of the Lease or (iv) any increases in rental and casualty payments and any other payments which may be required by the Indemnity Agreement. The Vendor agrees that if it obtains a judgment against the Owner for an amount in excess of the amounts payable by the Owner pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Owner shall have made all its payments under this Agreement (including any payments due and payable under Articles 6 and 13 hereof), notwithstanding any provision of this Agreement limiting the liability of the Owner and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Owner or the Lessee as provided in this Agreement and the Lease; it being understood that, subject thereto, ownership of the Equipment (upon delivery and acceptance thereof) shall pass to and remain in the Owner. Accordingly, after such time as all payments due or to become due hereunder (including any payments due and payable under Articles 6 and 13 hereof) shall have been completed and fully made to or for the account of the Vendor (without regard to the provisions of the last paragraph of Article 4 hereof or Article 21 hereof), (a) such payments

shall be deemed to represent the discharge in full of the Vendor's security interest in the Equipment at such time, (b) absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner without further transfer or action on the part of the Vendor, (c) any moneys remaining in the hands of the Vendor after providing for all outstanding amounts due and payable hereunder and as provided in the first paragraph of Paragraph 9 of the Participation Agreement shall be paid to the Owner, and (d) the Vendor shall execute for recording in public offices such instrument or instruments in writing as reasonably shall be requested by the Owner or the Lessee in order to discharge of record the security interest of the Vendor in, and to make clear upon public records the Owner's full title to, such units of the Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Equipment shall be and remain in the Vendor, notwithstanding the possession and use thereof by the Owner or the Lessee, pursuant to the terms of this Agreement or the Lease.

The Owner hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificates within a reasonable time after written demand by the Owner.

The term "Equipment" as used in this Agreement shall not include any special devices or assemblies at any time attached or affixed to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment and the title to which is in a person other than the Owner.

ARTICLE 6. Taxes. The Owner agrees to pay, or cause to be paid promptly and on written demand to indemnify and hold the Vendor harmless from, all Taxes (as defined in § 6 of the Lease); excluding, however: Taxes of the United States of America or of any state or local government or governmental subdivision or authority thereof and imposed on or measured solely by the net income or excess profits, or taxes computed as a percentage of income tax liabilities, of the party entitled to indemnification, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement; provided,

however, that the Owner shall not be required to pay any Taxes during the period the Owner may be contesting or causing to be contested the same in good faith and by appropriate proceedings if counsel for the Vendor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Vendor.

The amount which the Owner shall be required as reasonably may be required by the indemnified party to pay with respect to any Taxes indemnified against pursuant to this Article 6 shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In case any report or return is required to be made with respect to any obligation of the Owner under this Article 6 or arising out of this Article 6, the Owner shall either make such report or return in such manner as will show the interest of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor.

All the obligations of the Owner under this Article 6 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement. Payments due from the Owner under this Article 6 shall be made directly to the indemnified party, except to the extent paid to a governmental agency or taxing authority.

The obligations of the Owner under this Article 6 are subject to the limitations contained in the last paragraph of Article 4 hereof and in Article 21 hereof.

The Owner shall furnish or cause to be furnished promptly, upon request, such information and data as are normally available to the Owner and which the Vendor reasonably may require to permit compliance with the requirements of any taxing authorities.

ARTICLE 7. Maintenance; Casualty Occurrences; Insurance. The Owner shall, at its own cost and expense, maintain and keep each unit of the Equipment (including any parts installed on or replacements made to any unit and considered an Addition thereto as provided in § 9 of the

Lease) in good operating order, repair and condition, ordinary wear and tear excepted. Such maintenance shall include the performance of any overhauls required pursuant to standard and prudent railroad requirements (including, but not limited to, the interchange rules of the Association of American Railroads).

In the event that any unit of the Equipment shall be or become lost, stolen, destroyed, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession thereof by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Agreement (a "Casualty Occurrence") during the term of this Agreement, the Owner shall, promptly after it shall have received notice from the Lessee thereof or otherwise been notified that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the interest payment date under Article 4 hereof next succeeding such notice or notification (or, in the event such date will occur within 15 days after delivery of such notice or notification to the Owner, on the following interest payment date), the Owner shall, subject to the limitations contained in the last paragraph of Article 4 hereof, pay to the Vendor an amount equal to the Casualty Value, as hereinafter defined, of such unit suffering a Casualty Occurrence as of the date of such payment. On the date of any such payment, the Owner shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit.

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

Any property insurance proceeds or condemnation payments received and retained by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from

the amounts payable by the Owner to the Vendor in respect of Casualty Occurrences pursuant to this Article. If the Vendor shall receive any property insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Owner shall have made payments pursuant to this Article without deduction for such property insurance proceeds or condemnation payments, or in excess of the Casualty Value (after taking into account payments by the Owner under this Article) of such units, the Vendor shall promptly pay such property insurance proceeds or condemnation payments to the Owner. All property insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Owner upon proof satisfactory to the Vendor that the damage to such unit in respect of which such proceeds were paid has been fully repaired.

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

The "Casualty Value" of any unit of Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the Conditional Sale Indebtedness outstanding on such date (after giving effect to any payment in respect thereof due on such date pursuant to Article 4 hereof) by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) subject to this Agreement on such date.

The Owner will at all times prior to the payment of the Conditional Sale Indebtedness, together with interest thereon and all other payments required hereby, at its own expense, carry and maintain or cause to be carried and maintained public liability insurance at least in amounts and against risks customarily insured against by railroad com-

panies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee or any other user of the Equipment in respect of similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before April 1 in each year, commencing with the calendar year 1980, the Owner shall cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect the records of the Owner with respect to the Equipment, and the Owner covenants in that event to furnish to the Vendor all reasonable facilities for the making of such inspection.

ARTICLE 9. Marking of Equipment. The Owner will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Owner shall not change, or permit to be changed, the identifying number of any unit of the Equipment unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and duly filed, recorded and deposited by the Owner in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as above provided, the Owner will not allow the name of any person, association or corporation to be placed on the units of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Owner may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the Lessee or the Debtor.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Owner will comply, and will cause every user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or

modification of or to any part of any unit of the Equipment, the Owner will, or will cause the Lessee to, conform therewith at no expense to the Vendor; provided, however, that the Owner or the Lessee may, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, materially adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession of Equipment. So long as no event of default has occurred and is continuing hereunder and the Vendor is entitled to apply the Payments as set forth in the Consent, the Owner shall be entitled to the possession and use of the Equipment and also to enter into the Lease, and to permit the use of the Equipment as provided in the Lease. The Owner hereby agrees that the Lease (except with respect to rights and payments specifically excluded from any assignment of rights and payments thereunder) and the rights of the Owner to receive rentals and other payments due and to become due thereunder shall be subject and subordinate to this Agreement and to the rights of the Vendor hereunder and under the Consent.

ARTICLE 12. Discharge of Liens. The Owner will pay or discharge any and all sums claimed by any party from, through or under the Owner which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the "income and proceeds from the Equipment" (as defined in Article 4 hereof), and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, materially adversely affect the interest of the Vendor in the Equipment, its interest in said income and proceeds from the Equipment, or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

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

The obligations of the Owner under this Article are subject to the limitations contained in the last paragraph of Article 4 and in Article 21 hereof; provided, however, that the Owner will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Owner, not arising out of the transactions contemplated hereby (but including any tax liens arising out of the receipt of rentals and other payments under the Lease or the Participation Agreement), but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect the security interest of the Vendor in the Equipment, its interest in said income and proceeds from the Equipment, or otherwise under this Agreement.

ARTICLE 13. Indemnity; Builder's Representations and Warranties. The Owner shall pay, and shall protect, indemnify and hold the Vendor, the Investors and their respective successors, assigns, principals, agents and servants ("Indemnified Persons"), harmless from and against any and all matters which are the subject of indemnity under § 9 of the Lease (Indemnified Matters"); except, however, in the case of the Builder, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant hereunder by the Builder and (ii) any matter covered by the Builder's warranty of material and workmanship and patent indemnification set forth in Item 3 of Annex A hereto. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter hereunder, the Owner may and, upon such Indemnified Person's reasonable request will, at the Owner's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Owner and approved by such Indemnified Person and, in the event of any failure by the Owner to do so, the Owner shall pay all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. The Vendor and the Owner each agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article by the Owner, or the making of provision satisfactory to the Indemnified Person for the full payment thereof, and provided that no event of

default set forth in Article 15 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, the Owner shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Owner to the extent necessary to reimburse the Owner for indemnification payments previously made in respect of such matter.

The indemnities contained in this Article shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article shall be deemed to create any rights of subrogation in any insurer or third party against the Owner therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Owner will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

The obligations of the Owner under this Article 13 are subject to the limitations contained in the last paragraph of Article 4 and in Article 21 hereof.

The Builder represents and warrants to the Owner and the Assignee, and their respective successors and assigns, that this Agreement is duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the other parties hereto, this Agreement is, insofar as the Builder is concerned, a legal, valid and existing agreement binding upon and enforceable against the Builder in accordance with its terms. The Builder represents and warrants to the Owner and the Assignee that, at the time of delivery and acceptance of each unit of the Equipment under this Agreement, the Owner will have good title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor

under this Agreement and the rights of the Lessee under the Lease. The Builder represents and warrants to the Owner and the Assignee that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, or, insofar as is known to it, any party hereto or to the Participation Agreement is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. Without the prior consent of the Vendor, which consent will not be unreasonably withheld the Owner will not (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement. Notwithstanding the foregoing, the Owner may (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement to an Affiliate of the Owner or to a limited partnership (the "Transferee Partnership") of which an Affiliate of the Owner is a corporate general partner, with such general partner having a net worth sufficient to meet the net worth test for a sole corporate general partner of a limited partnership as set forth in Revenue Procedure 72-13; provided, however, that (i) the Vendor shall have received 30 days prior written notice of any such disposition, (ii) the Owner has previously satisfied the provisions of subparagraph (a) of the third paragraph of Article 4 hereof and (iii) the Guarantor and the Owner will remain liable for their respective obligations under the Participation Agreement and the Owner will remain liable for its obligations hereunder and, if the Owner sells, assigns, transfers or otherwise disposes of all of its right, title and interest under this Agreement to a Transferee Partnership, the Transferee Partnership shall assume all of the obligations of the Owner which are due or become due to the Vendor under this Agreement and the Participation Agreement; provided, however, the Guarantor and the Owner agree to cause the assignee to comply with the provisions of the proviso of the last paragraph of Article 12 hereof. Upon a transfer to a Transferee Partnership the obligations of the Transferee Partnership hereunder will be subject to the limitations con-

tained in the last paragraph of Article 4 and in Article 21 hereof other than with respect to the At Risk Amount (as hereinafter defined). In the event that (i) as a result of an event of default under this Agreement the Equipment is sold for a gross sales price of less than $1,500,000 (the "At Risk Amount") and (ii) the Vendor obtains a final deficiency judgment against the Transferee Partnership, the Transferee Partnership shall be personally liable under this Agreement to the extent that the At Risk Amount exceeds the gross sales price for the Equipment. Furthermore, to the extent that the partners in the Transferee Partnership deliver to the Vendor personal assumptions of all or a portion of the At Risk Amount, the Transferee Partnership and its general partners will not be personally liable on a recourse basis on the At Risk Amount to the extent thereof, and the Vendor will proceed only against such partners on a recourse basis on the At Risk Amount with respect to such amounts so long as such assumptions are in full force and effect; provided, however, the corporate general partners, as general partners of the Transferee Partnership, shall otherwise remain liable in respect of all obligations under this Agreement, including, subject to the limitations provided in Articles 4 and 21 hereof, payment of the Conditional Sale Indebtedness and interest thereon. Whenever the term "the Transferee Partnership" is used in this Article 14, such term shall mean the Transferee Partnership and the partners therein. Notwithstanding the foregoing limitations on personal liability of the Transferee Partnership, the obligations of the Owner set forth in the proviso to the last paragraph of Article 12 hereof shall become the personal obligation of the general partner of the Transferee Partnership. For this purpose, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Owner, and "control" as used with respect to any corporation, shall mean the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Owner, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment to the Owner in accordance herewith or to respond to its warranties and indemnities contained or referred to in Articles 2 and 13 hereof, or relieve the Owner of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other

obligation which, according to its terms or context, is intended to survive an assignment.

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

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

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

(a) the Owner shall fail to pay or cause to be paid in full any sum payable by the Owner when payment thereof shall be due hereunder (irrespective of the

provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Owner) and such default shall continue for 10 days (or 30 days if clause (i) of the last paragraph of § 10 of the Lease is then applicable) after the date such payment is due and payable;

(b) the Owner or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement (irrespective of the provisions of Article 4 hereof or any other provision of this Agreement limiting the liability of the Owner), the Lease Assignment or any covenant, agreement, term or provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance;

(c) any proceeding shall be commenced by or against the Owner for any relief which includes, or might result in, any modification of the obligations of the Owner hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Owner under this Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Owner under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) any Event of Default (as defined in the Lease) shall have occurred and be continuing;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate (and the Owner acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its or their termination and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Owner, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Owner shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

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

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for

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

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

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to all railroads which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks on the lines of the Lessee as the Vendor reasonably may designate;

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

(c) cause the Equipment to be transported to such interchange point or points with the lines of the Lessee as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

During any storage period, the Owner will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement

to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Owner hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon the notice and procedures as are hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Owner and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Owner does not object thereto in writing as described in the second proviso below, all the Owner's rights in the Equipment shall thereupon terminate and all payments made by the Owner or for its account may be retained by the Vendor as compensation for the use of the Equipment and the Owner shall have no further rights or obligations hereunder; provided, however, that if the Owner, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner; provided, further, that if the Owner, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have

elected to sell the Equipment in accordance with the provisions of this Article 16.

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

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be conducted in a commercially reasonable manner. The Vendor and the Owner may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Owner and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed

to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Owner to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Owner or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Owner or the Lessee shall not otherwise alter or affect the Vendor's rights or the Owner's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Owner's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Owner shall, subject to the limitations of the last paragraph of Article 4 and Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after

becoming due and payable, and, if the Owner shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Owner. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Owner.

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

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Owner to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

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

ARTICLE 18. Recording. The Owner will, (a) promptly after the execution and delivery of this Agreement,

any assignments hereof, the Lease, the Lease Assignment and each supplement hereto and thereto, respectively, cause this Agreement, any assignments hereof, the Lease, the Lease Assignment and each such supplement to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303; and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada; and from time to time do and perform any other act and execute, acknowledge, deliver and file, register and record any and all further instruments required by law or reasonably requested by the Vendor for the purposes of proper protection of the security interest of the Vendor.

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

This Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Owner with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Owner.

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

(a) to the Owner, at 295 Madison Avenue, New York, N. Y. 10017, Attention of Stephen Goldsmith, with a copy to Benjamin D. Fein, Esq., Messrs. Rosenman Colin Freund Lewis & Cohen, 575 Madison Avenue, New York, N. Y. 10022,

(b) to First Security Bank of Utah, N.A., as the Assignee or as the Vendor, at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

(c) to PACCAR, Inc., at its address specified in Item 1 of Annex A hereto,

(d) to the Lessee at Iron Horse Park, North Billerica, Massachusetts 01862, Attention of Manager, Equipment and Service,

(e) to any assignee of the Vendor, or of the Owner, at such address as may have been furnished in writing to the Owner, or the Vendor, as the case may be, and to the Lessee, by such assignee,

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

ARTICLE 21. Satisfaction of Undertakings. The obligations of the Owner under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7, 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) and 13 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease as long as the Lease is in full force and effect. The Owner shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed or cured as permitted hereby they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. So long as any Conditional Sale Indebtedness remains outstanding, no waiver or amendment by the Owner of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and Section 86 of the Railway Act of Canada, such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof as shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and such rights, if any, arising ot of the marking of Equipment.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for

convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

PACCAR, INC.,

by _____
Vice President

[Corporate Seal]

Attest: _____

ARLINGTON-INTEGRATED (RAIL), INC.,

by _____

[Corporate Seal]

Attest:

_____

STATE OF WASHINGTON,)
):ss:
COUNTY OF KING,)

On this 6th day of August 1979, before me personally appeared J. J. Jolley, to me personally known, who being by me duly sworn, says that he is a Vice President of PACCAR INC, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Virginia K Upton
Notary Public

[Notarial Seal]

My Commission expires 1/24/81

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of ARLINGTON-INTEGRATED (RAIL), INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission Expires

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
10/15/79	*	*	.00	1,000,000.00
11/15/79	12,350.00	10,000.00	2,350.00	997,650.00
12/15/79	12,350.00	9,976.50	2,373.50	995,276.50
1/15/80	12,350.00	9,952.76	2,397.24	992,879.26
2/15/80	12,350.00	9,928.79	2,421.21	990,458.05
3/15/80	12,350.00	9,904.58	2,445.42	988,012.63
4/15/80	12,350.00	9,880.13	2,469.87	985,542.76
5/15/80	12,350.00	9,855.43	2,494.57	983,048.19
6/15/80	12,350.00	9,830.48	2,519.52	980,528.67
7/15/80	12,350.00	9,805.29	2,544.71	977,983.96
8/15/80	12,350.00	9,779.84	2,570.16	975,413.80
9/15/80	12,350.00	9,754.14	2,595.86	972,817.94
10/15/80	12,350.00	9,728.18	2,621.82	970,196.12
11/15/80	12,350.00	9,701.96	2,648.04	967,548.08
12/15/80	12,350.00	9,675.48	2,674.52	964,873.56
1/15/81	12,350.00	9,648.74	2,701.26	962,172.30
2/15/81	12,350.00	9,621.72	2,728.28	959,444.02
3/15/81	12,350.00	9,594.44	2,755.56	956,688.46
4/15/81	12,350.00	9,566.88	2,783.12	953,905.34
5/15/81	12,350.00	9,539.05	2,810.95	951,094.39
6/15/81	12,350.00	9,510.94	2,839.06	948,255.33
7/15/81	12,350.00	9,482.55	2,867.45	945,387.88
8/15/81	12,350.00	9,453.88	2,896.12	942,491.76
9/15/81	12,350.00	9,424.92	2,925.08	939,566.68
10/15/81	12,350.00	9,395.67	2,954.33	936,612.35
11/15/81	12,350.00	9,366.12	2,983.88	933,628.47
12/15/81	12,350.00	9,336.28	3,013.72	930,614.75
1/15/82	12,350.00	9,306.15	3,043.85	927,570.90
2/15/82	12,350.00	9,275.71	3,074.29	924,496.61
3/15/82	12,350.00	9,244.97	3,105.03	921,391.58
4/15/82	12,350.00	9,213.92	3,136.08	918,255.50
5/15/82	12,350.00	9,182.55	3,167.45	915,088.05
6/15/82	12,350.00	9,150.88	3,199.12	911,888.93
7/15/82	12,350.00	9,118.89	3,231.11	908,657.82
8/15/82	12,350.00	9,086.58	3,263.42	905,394.40
9/15/82	12,350.00	9,053.94	3,296.06	902,098.34
10/15/82	12,350.00	9,020.98	3,329.02	898,769.32
11/15/82	12,350.00	8,987.69	3,362.31	895,407.01
12/15/82	12,350.00	8,954.07	3,395.93	892,011.08

* Interest only shall be paid to the extent accrued on this date.

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
1/15/83	12,350.00	8,920.11	3,429.89	888,581.19
2/15/83	12,350.00	8,885.81	3,464.19	885,117.00
3/15/83	12,350.00	8,851.17	3,498.83	881,618.17
4/15/83	12,350.00	8,816.18	3,533.82	878,084.35
5/15/83	12,350.00	8,780.84	3,569.16	874,515.19
6/15/83	12,350.00	8,745.15	3,604.85	870,910.34
7/15/83	12,350.00	8,709.10	3,640.90	867,269.44
8/15/83	12,350.00	8,672.69	3,677.31	863,592.13
9/15/83	12,350.00	8,635.92	3,714.08	859,878.05
10/15/83	12,350.00	8,598.78	3,751.22	856,126.83
11/15/83	12,350.00	8,561.27	3,788.73	852,338.10
12/15/83	12,350.00	8,523.38	3,826.62	848,511.48
1/15/84	12,350.00	8,485.11	3,864.89	844,646.59
2/15/84	12,350.00	8,446.47	3,903.53	840,743.06
3/15/84	12,350.00	8,407.43	3,942.57	836,800.49
4/15/84	12,350.00	8,368.00	3,982.00	832,818.49
5/15/84	12,350.00	8,328.18	4,021.82	828,796.67
6/15/84	12,350.00	8,287.97	4,062.03	824,734.64
7/15/84	12,350.00	8,247.35	4,102.65	820,631.99
8/15/84	12,350.00	8,206.32	4,143.68	816,488.31
9/15/84	12,350.00	8,164.88	4,185.12	812,303.19
10/15/84	12,350.00	8,123.03	4,226.97	808,076.22
11/15/84	12,350.00	8,080.76	4,269.24	803,806.98
12/15/84	12,350.00	8,038.07	4,311.93	799,495.05
1/15/85	12,350.00	7,994.95	4,355.05	795,140.00
2/15/85	12,350.00	7,951.40	4,398.60	790,741.40
3/15/85	12,350.00	7,907.41	4,442.59	786,298.81
4/15/85	12,350.00	7,862.99	4,487.01	781,811.80
5/15/85	12,350.00	7,818.12	4,531.88	777,279.92
6/15/85	12,350.00	7,772.80	4,577.20	772,702.72
7/15/85	12,350.00	7,727.03	4,622.97	768,079.75
8/15/85	12,350.00	7,680.80	4,669.20	763,410.55
9/15/85	12,350.00	7,634.11	4,715.89	758,694.66
10/15/85	12,350.00	7,586.95	4,763.05	753,931.61
11/15/85	12,350.00	7,539.32	4,810.68	749,120.93
12/15/85	12,350.00	7,491.21	4,858.79	744,262.14
1/15/86	12,350.00	7,442.62	4,907.38	739,354.76
2/15/86	12,350.00	7,393.55	4,956.45	734,398.31
3/15/86	12,350.00	7,343.98	5,006.02	729,392.29
4/15/86	12,350.00	7,293.92	5,056.08	724,336.21
5/15/86	12,350.00	7,243.36	5,106.64	719,229.57
6/15/86	12,350.00	7,192.30	5,157.70	714,071.87
7/15/86	12,350.00	7,140.72	5,209.28	708,862.59
8/15/86	12,350.00	7,088.63	5,261.37	703,601.22

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
9/15/86	12,350.00	7,036.01	5,313.99	698,287.23
10/15/86	12,350.00	6,982.87	5,367.13	692,920.10
11/15/86	12,350.00	6,929.20	5,420.80	687,499.30
12/15/86	12,350.00	6,874.99	5,475.01	682,024.29
1/15/87	12,350.00	6,820.24	5,529.76	676,494.53
2/15/87	12,350.00	6,764.95	5,585.05	670,909.48
3/15/87	12,350.00	6,709.09	5,640.91	665,268.57
4/15/87	12,350.00	6,652.69	5,697.31	659,571.26
5/15/87	12,350.00	6,595.71	5,754.29	653,816.97
6/15/87	12,350.00	6,538.17	5,811.83	648,005.14
7/15/87	12,350.00	6,480.05	5,869.95	642,135.19
8/15/87	12,350.00	6,421.35	5,928.65	636,206.54
9/15/87	12,350.00	6,362.07	5,987.93	630,218.61
10/15/87	12,350.00	6,302.19	6,047.81	624,170.80
11/15/87	12,350.00	6,241.71	6,108.29	618,062.51
12/15/87	12,350.00	6,180.62	6,169.38	611,893.13
1/15/88	12,350.00	6,118.93	6,231.07	605,662.06
2/15/88	12,350.00	6,056.62	6,293.38	599,368.68
3/15/88	12,350.00	5,993.69	6,356.31	593,012.37
4/15/88	12,350.00	5,930.12	6,419.88	586,592.49
5/15/88	12,350.00	5,865.92	6,484.08	580,108.41
6/15/88	12,350.00	5,801.08	6,548.92	573,559.49
7/15/88	12,350.00	5,735.59	6,614.41	566,945.08
8/15/88	12,350.00	5,669.45	6,680.55	560,264.53
9/15/88	12,350.00	5,602.65	6,747.35	553,517.18
10/15/88	12,350.00	5,535.17	6,814.83	546,702.35
11/15/88	12,350.00	5,467.02	6,882.98	539,819.37
12/15/88	12,350.00	5,398.19	6,951.81	532,867.56
1/15/89	12,350.00	5,328.68	7,021.32	525,846.24
2/15/89	12,350.00	5,258.46	7,091.54	518,754.70
3/15/89	12,350.00	5,187.55	7,162.45	511,592.25
4/15/89	12,350.00	5,115.92	7,234.08	504,358.17
5/15/89	12,350.00	5,043.58	7,306.42	497,051.75
6/15/89	12,350.00	4,970.52	7,379.48	489,672.27
7/15/89	12,350.00	4,896.72	7,453.28	482,218.99
8/15/89	12,350.00	4,822.19	7,527.81	474,691.18
9/15/89	12,350.00	4,746.91	7,603.09	467,088.09
10/15/89	12,350.00	4,670.88	7,679.12	459,408.97
11/15/89	12,350.00	4,594.09	7,755.91	451,653.06
12/15/89	12,350.00	4,516.53	7,833.47	443,819.59
1/15/90	12,350.00	4,438.20	7,911.80	435,907.79
2/15/90	12,350.00	4,359.08	7,990.92	427,916.87
3/15/90	12,350.00	4,279.17	8,070.83	419,846.04
4/15/90	12,350.00	4,198.46	8,151.54	411,694.50

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
5/15/90	12,350.00	4,116.94	8,233.06	403,461.44
6/15/90	12,350.00	4,034.61	8,315.39	395,146.05
7/15/90	12,350.00	3,951.46	8,398.54	386,747.51
8/15/90	12,350.00	3,867.48	8,482.52	378,264.99
9/15/90	12,350.00	3,782.65	8,567.35	369,697.64
10/15/90	12,350.00	3,696.98	8,653.02	361,044.62
11/15/90	12,350.00	3,610.45	8,739.55	352,305.07
12/15/90	12,350.00	3,523.05	8,826.95	343,478.12
1/15/91	12,350.00	3,434.78	8,915.22	334,562.90
2/15/91	12,350.00	3,345.63	9,004.37	325,558.53
3/15/91	12,350.00	3,255.59	9,094.41	316,464.12
4/15/91	12,350.00	3,164.64	9,185.36	307,278.76
5/15/91	12,350.00	3,072.79	9,277.21	298,001.55
6/15/91	12,350.00	2,980.02	9,369.98	288,631.57
7/15/91	12,350.00	2,886.32	9,463.68	279,167.89
8/15/91	12,350.00	2,791.68	9,558.32	269,609.57
9/15/91	12,350.00	2,696.10	9,653.90	259,955.67
10/15/91	12,350.00	2,599.56	9,750.44	250,205.23
11/15/91	12,350.00	2,502.05	9,847.95	240,357.28
12/15/91	12,350.00	2,403.57	9,946.43	230,410.85
1/15/92	12,350.00	2,304.11	10,045.89	220,364.96
2/15/92	12,350.00	2,203.65	10,146.35	210,218.61
3/15/92	12,350.00	2,102.19	10,247.81	199,970.80
4/15/92	12,350.00	1,999.71	10,350.29	189,620.51
5/15/92	12,350.00	1,896.21	10,453.79	179,166.72
6/15/92	12,350.00	1,791.67	10,558.33	168,608.39
7/15/92	12,350.00	1,686.08	10,663.92	157,944.47
8/15/92	12,350.00	1,579.44	10,770.56	147,173.91
9/15/92	12,350.00	1,471.74	10,878.26	136,295.65
10/15/92	12,350.00	1,362.96	10,987.04	125,308.61
11/15/92	12,350.00	1,253.09	11,096.91	114,211.70
12/15/92	12,350.00	1,142.12	11,207.88	103,003.82
1/15/93	12,350.00	1,030.04	11,319.96	91,683.86
2/15/93	12,350.00	916.84	11,433.16	80,250.70
3/15/93	12,350.00	802.51	11,547.49	68,703.21
4/15/93	12,350.00	687.03	11,662.97	57,040.24
5/15/93	12,350.00	570.40	11,779.60	45,260.64
6/15/93	12,350.00	452.61	11,897.39	33,363.25
7/15/93	12,350.00	333.63	12,016.37	21,346.88
8/15/93	12,350.00	213.47	12,136.53	9,210.35
9/15/93	9,302.45	92.10	9,210.35	.00
TOTAL	2,059,402.45	1,059,402,45	1,000,000.00	

ANNEX A
to
Conditional Sale Agreement

Item 1: PACCAR, Inc., 1400 North 4th Street, Renton, Washington 98055, Attention of Monica J. Stover, Contract Administration, with a copy to the PACCAR General Counsel, P. O. Box 1518, Bellevue, Washington 98009.

Item 2: The Equipment shall be settled for in not more than two Groups.

Item 3: (a) The Builder warrants to the Owner that the units of the Equipment will be built in accordance with the Specifications and with the other requirements, specifications and standards set forth or referred to in Article 2 of the Conditional Sale Agreement (the "Agreement") and warrants that its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by the Builder) and workmanship or design (except as to designs specified by the Lessee and not developed or purported to be developed by the Builder) under normal use and service; the Builder's obligation under this paragraph being limited to making good at its plant (or at the option of the Builder at a place designated by the Builder and agreed upon by the Lessee) any part or parts of any unit of Equipment which shall be returned to the Builder within two years after delivery of such unit, or as to which written notice of such defect has been given by the Lessee to the Builder within two years after delivery of such unit and which part or parts are returned within 90 days after such notice to the Builder, provided that the Builder's examination shall disclose to its reasonable satisfaction such part or parts to have been thus defective. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE BUILDER, EXCEPT FOR ITS OBLIGATIONS UNDER ARTICLES 2, 3, 4 AND 13 OF THE AGREEMENT AND THIS ANNEX A. The Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the

construction and delivery of its Equipment, except for the patent indemnification in Item 3(b) below and as aforesaid. The rights of the Owner under the foregoing warranty shall be its sole and exclusive remedy and Builder will have no liability for lost profits or for incidental, consequential or commercial losses.

The Builder further agrees that neither the inspection as provided in Article 3 of the Agreement, nor any examination or acceptance of any units of its Equipment as provided in said Article 3, shall be deemed a waiver or modification by the Lessee of any of its rights under this Item 3(a) or Item 3(b) below.

It is further understood and agreed that the word "design(s)" as used herein or in Item 3(b) below and the word "specialties" as used herein shall be deemed to include articles, materials, systems, formulae and processes.

The Owner agrees with the Builder that, so long as there has been no termination of the Lease or event of default thereunder, the obligations of the Builder to the Owner under the foregoing warranty shall be deemed satisfied if the performance of said obligations by the Builder is satisfactory to the Lessee.

(b) Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Builder, and articles and materials specified by the Lessee and not manufactured by the Builder, the Builder agrees to indemnify, protect and hold harmless the Lessee and the Owner from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee or the Owner because of the use in or about the construction or operation of its Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Lessee, as a condition to its being a third-party bene-

Annex C
to
Conditional Sale Agreement

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1979

between

ROBERT W. MESERVE and BENJAMIN H. LACY,
Trustees of the Property of Boston
and Maine Corporation, Debtor,

Lessee

and

ARLINGTON-INTEGRATED (RAIL), INC.,

Lessor

TABLE OF CONTENTS

		Page
PREAMBLE		L-1
§ 1.	Net Lease	L-1
§ 2.	Delivery and Acceptance of Units	L-2
§ 3.	Rentals	L-3
§ 4.	Term of Lease	L-3
§ 5.	Identification Marks	L-4
§ 6.	Taxes	L-5
§ 7.	Payment for Casualty Occurrences; Insurance	L-6
§ 8.	Reports	L-8
§ 9.	Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification	L-8
§ 10.	Default	L-12
§ 11.	Return of Units Upon Default	L-18
§ 12.	Assignment; Possession and Use	L-19
§ 13.	Right of First Refusal	L-21
§ 14.	Return of Units upon Expiration of Term	L-22
§ 15.	Recording	L-23
§ 16.	Conditions	L-23
§ 17.	Lessor's Right To Perform for the Lessee	L-24
§ 18.	Interest on Overdue Rentals	L-24
§ 19.	Representations and Warranties of the Lessee	L-24

Page

§ 20. Reports L-26

§ 21. Necessary Costs and Expenses of Administration L-27

§ 22. Notices L-28

§ 23. Severability; Effect and Modification of Lease; Survival L-29

§ 24. Execution L-29

§ 25. Incorporation of Tax Indemnity Agreement L-29

§ 26. Law Governing L-30

TESTIMONIUM L-30

SIGNATURES L-30

ACKNOWLEDGMENTS L-31

SCHEDULE A L-32

SCHEDULE B L-33

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1979, between ROBERT W. MESERVE AND BENJAMIN H. LACY, TRUSTEES OF THE PROPERTY OF BOSTON AND MAINE CORPORATION, DEBTOR (such Trustees being hereinafter called the "Lessee" and such corporation being hereinafter called the "Debtor"), and ARLINGTON-INTEGRATED (RAIL), INC., a Delaware corporation (the "Lessor").

On March 12, 1970, a petition was filed for the reorganization of the Debtor under Section 77 of the Bankruptcy Act in the United States District Court for the District of Massachusetts (the "Court") and such petition was duly approved as properly filed by the Court (the proceedings with respect thereto being hereinafter called the "Reorganization Proceedings") and Robert W. Meserve and Benjamin H. Lacy were duly qualified as Trustees of the property of the Debtor on May 18, 1970 and on August 3, 1973, respectively.

The Lessor has entered or will enter into a conditional sale agreement (the "Security Document") with PACCAR, Inc. (the "Builder"), pursuant to which the Lessor has agreed or will agree to purchase and take delivery of the railroad equipment described in Schedule A hereto (the "Equipment").

To induce Lessor to purchase the Equipment the Lessee agrees (i) to lease from the Lessor all units of the Equipment as are delivered and accepted and settled for as shall be described in one or more certificates of acceptance in the form provided by Lessor (a "Certificate of Acceptance") at the rentals and for the term and upon the conditions hereinafter provided (each such unit so leased being hereinafter called a "Unit") and (ii) to indemnify the Lessor for certain tax losses should they occur pursuant to a Tax Indemnity Agreement dated as of the date hereof (the "Indemnity Agreement").

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts

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

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units. Each delivery of a Unit to the Lessor under the Security Document shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Document. Upon delivery of a Unit, the Lessee will cause an employee or

agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor from the Builder and itself hereunder and to execute and deliver to the Lessor a Certificate of Acceptance stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The inspection and approval and the delivery, inspection and acceptance hereunder of any unit of Equipment not purchased by the Lessor pursuant to the Security Document shall be null and void and ineffective to subject such Unit to this Lease. The Lessee hereby represents and warrants to the Lessor that no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee or its agent as agent for the Lessor hereunder.

§ 3. Rentals. With respect to each Unit subject to this Lease, the Lessee will pay to the Lessor as (i) basic rentals 180 consecutive monthly payments, payable on the 15th day of the month in advance, commencing October 15, 1979, and (ii) interim rental one payment on October 15, 1979. Each monthly basic rental payment shall be in an amount equal to 1.0% of the Purchase Price (defined to be the amount set forth in a Builder's invoice with respect to such Unit and approved by the Lessee) of each Unit subject to this Lease on the date of such payment. The interim rental payment shall be in an amount equal to the product of the Purchase Price of each Unit subject to this Lease on the date of payment multiplied by 0.0334% for each day elapsed from and including the date the Builder is paid the Purchase Price with respect to such Unit under the Security Document (the "Closing Date") for such Unit to, but excluding, October 15, 1979.

If any of the monthly rental payment dates referred to above is not a business day in Boston, Massachusetts, the monthly rental payment otherwise payable on such date shall then be payable on the next succeeding business day.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on October 15, 1994.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Lessor's title to and interest in such Unit and the rights of the Lessor under this Lease. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and, at its expense, will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates, on railroad equipment used by them of the same or a similar type for convenience of identification of their respective rights to use the Equipment.

§ 6. Taxes. The Lessee agrees to pay or cause to be paid promptly, and on written demand to indemnify and hold the Lessor harmless from, all income, gross receipts, franchise, sales, use, property, ad valorem, value added, leasing, leasing use, stamp, excise or other taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Lessor, the Lessee or any Unit by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; this Lease or the transactions contemplated by this Lease (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: Taxes of the United States or of any state or local government or governmental subdivision or authority thereof imposed on or measured solely by the net income or excess profits of the party entitled to indemnification, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting or causing to be contested the same in good faith and by appropriate proceedings if counsel for the Lessor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Lessor.

The amount which the Lessee shall be required as reasonably determined by the indemnified party to pay with respect to any Taxes indemnified against pursuant to this § 6, shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee shall either make or cause to be made such report or return in such manner as will show the interests of the Lessor in the Units, or shall promptly notify or cause to be notified the Lessor of such requirement and shall make or cause to be made, at its own expense, such report or return in such manner as shall be satisfactory to the Lessor.

The Lessee shall furnish or cause to be furnished promptly, upon request, such information and data as are normally available to the Lessee and which the Lessor reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence"), during the term of this Lease, or until such Unit shall have been returned in the manner provided in § 11 or 14 hereof, the Lessee shall promptly and fully notify or cause to be notified the Lessor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date), the Lessee shall pay or cause to be paid to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value of such Unit as of such Casualty Occurence (the "Calculation Date"). Upon the making of such payment by or on behalf of the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and no Event of Default hereunder, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to retain the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. If any such Event of Default or event

ficiary of the Agreement, likewise will indemnify, protect and hold harmless the Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of its Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent or other right. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by the Builder in or about the construction or operation of its Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Builder further agrees to execute and deliver to the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Lessee, as a condition to its being a third-party beneficiary of the Agreement, will give notice to the Builder of any claim known to the Lessee on the basis of which liability may be charged against the Builder hereunder and the Builder will give notice to the Lessee of any claim known to the Builder, as the case may be, on the basis of which liability may be charged against the Lessee hereunder.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $8,400,000 plus 100/80 of the amount, if any, by which the Investors' commitments are increased pursuant to Paragraph 2 of the Participation Agreement.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $6,750,000 plus the amount, if any, by which the Investors' commitments are increased pursuant to Paragraph 2 of the Participation Agreement.

ANNEX B
to
Conditional Sale Agreement

Type	Builder's Specification	Builder's Plant	Quantity	Estimated Unit Base Price (in United States Dollars)	Estimated Total Base Price (in United States Dollars)	Road Numbers (Both Inclusive)	Estimated Time of Delivery
50' 6" 70 ton, Class XL boxcar with 10' sliding doors	PACCAR Specifications PC-655, Revision B, dated May 18, 1979; Drawing 2904-201	Renton, Washington	200	$41,221	$8,244,200	BM3200-3399	August-September 1979, at Renton, Washington

has occurred and is continuing, the Lessee shall promptly pay all such proceeds to the Lessor.

The Casualty Value of each Unit as of the Calculation Date for each such Unit shall be that percentage of the Purchase Price of each Unit as is set forth in Item I of Schedule B hereto opposite such date. The aforesaid percentages have been computed without regard to recapture of the Investment Credit pursuant to section 38 of the Code. Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence during the period preceding the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth in Item II of Schedule B hereto and such additional amounts, if any, shall be included within the meaning of the term "Casualty Value" as used herein.

In the event of the requisition for use of any Unit during the term of this Lease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Lessor.

As between the Lessee and Lessor, the Lessee will bear the responsibility for and risk of damage to or destruction or loss of any Unit. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor in accordance with the terms of this Lease (including the storage period provided under §§ 11 and 14 hereof), maintain or cause to be maintained, at its own expense, public liability, property and casualty insurance in respect of the Units at the time

subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it. The proceeds of such insurance shall be payable to the Lessor and the Lessee as their respective interests may appear.

The Lessee shall obtain from each insurer under the paragraph immediately above an agreement, by endorsement or separate instrument, that such insurer will give the Lessor 30 days' written notice before such insurer's policy shall be materially altered or canceled or not renewed. On or prior to the delivery and acceptance of any Unit hereunder, and in January of each year, the Lessee shall, to the extent applicable under the next preceding paragraph, deliver to the Lessor a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1980, the Lessee will furnish or cause to be furnished to the Lessor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or, in the case of the first such statement, since the date of this Lease (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and when so specifically requested by the Lessor, such report with regard to repairs shall be made by the chief mechanical officer of the Lessee and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof have been preserved or replaced. The Lessor shall have the right by its agents to inspect the Units and the Lessee's and its agent's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE

OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee; and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all the laws of the jurisdiction in which its operations involving the Unit may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any

power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at no expense to the Lessor; provided, however, that the Lessee may upon written notice to the Lessor, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority solely by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee and to supply any information which the Lessor reasonably requests to enable it to prepare any other reports.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an Addition thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted. Such maintenance shall include the performance of any overhauls required pursuant to standard and prudent railroad requirements (including, but not limited to, the interchange rules of the Association of American Railroads).

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit) (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without

further act vest in the Lessor in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9 or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay or cause to be paid, and shall protect, indemnify and hold the Lessor harmless from and against any and all causes of action, suits, penalties, claims, demands, judgments, losses, liabilities, costs, charges and expenses of any nature whatsoever which may be imposed on, incurred by or asserted against the Lessor (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including, without limitation, those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any claims based on strict liability in tort or imposed by statute; or (iii) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or

of any other equipment in connection with the Units; excluding, however, any matter resulting from an act or omission of the Lessor which would constitute the wilful misconduct or gross negligence of the Lessor. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against.

The Lessee further agrees to indemnify, protect and hold harmless the Lessor and the Builder, as a third party beneficiary hereof, from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against any of them because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder.

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

(A) payment of any part of the rental provided in § 3 hereof, payment in respect of any Casualty Occurrence pursuant to § 7 hereof or payment due under the Indemnity Agreement shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for 5 business days after such payment is due; or

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

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any document or certificate executed by the Lessee in connection herewith and such default shall continue for 30 days after written notice from

the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

(D) any representation or warranty made by the Lessee herein or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(E) a decree or order is entered in the Reorganization Proceedings or otherwise preventing or disabling the Lessee from performing any of its obligations under this Lease; or

(F) if the obligations of the Lessee hereunder are assumed by a corporation or by the Debtor's successor pursuant to a plan of reorganization for the Debtor approved in the Reorganization Proceedings (such corporation or successor being hereinafter called the "Successor") and either

(i) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as such Section 77 may hereafter be amended, or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Successor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the assumed obligations of the Successor under this Lease and under the Tax Indemnity Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by or on behalf of a trustee or trustees or other similar officer appointed (whether or not subject to confirmation or ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or officer, within 60 days after such petition shall have been filed; or

(ii) any proceedings shall be commenced by or against the Successor for any relief which includes, or might result in, any modification of the obli-

gations of the Successor under this Lease or under the Tax Indemnity Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Successor hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Successor under this Lease and under the Tax Indemnity Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by or on behalf of a trustee or trustees or receiver or receivers or other similar officer appointed (whether or not subject to confirmation or ratification) for the Successor or for the property of the Successor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers or officers, within 60 days after such proceedings shall have been commenced;

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

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for

any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 8% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Lessor shall have sold or leased any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale or leasing, as the case may be, as liquidated damages for loss of a bargain and not as a penalty (i) in the case of such a sale an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net

proceeds of such sale, and (ii) in the case of such a leasing, an amount equal to the excess, if any, of the present value of all rental for such Unit which would otherwise have accrued hereunder from the date of termination to the end of the term of this Lease as to such Unit over the sum of (I) the then present value of all rental for such Unit required under such new lease plus (II) the then present value of the rental (if any) which the Lessor reasonably estimates to be obtainable for the Unit during the period commencing on the termination of such new lease and ending on the date the term of this Lease would have terminated if it had not been terminated early due to default, each such present value to be computed in each case on the basis of an 8% per annum discount, compounded, in the case of rental which is estimated under clause II of this sentence, monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and, in the case of rental under such new lease, periodically from the respective dates upon which such rental shall be payable thereunder.

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

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify 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 to any offset against the rental payments due hereunder and agrees to make such rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

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

such contingencies or similar contingencies; and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

The parties hereto acknowledge that the Debtor is a railroad subject to the Reorganization Proceedings and that notwithstanding any provision herein to the contrary,

(i) no termination of this Lease by reason of an Event of Default shall be final except after delivery of written notice from the Lessor or the Vendor to the Lessee of the event giving rise to the Event of Default and the continuance uncured of such Event of Default for 30 days;

(ii) the Lessee's interests under this Lease shall be deemed assigned to and its obligations under this Lease shall be deemed assumed by any Successor;

(iii) in the event the Reorganization Proceedings are dismissed under Section 77(g) of the Bankruptcy Act or otherwise and liquidation of the Debtor is instituted, the Lessee shall select one of the following options in order to fulfill its obligations under this Lease:

(a) the Trustees of the Debtor shall continue to perform this Lease in accordance with its terms and provisions;

(b) this Lease may be assigned and the obligation under the Lease assumed by a new lessee, with the consent of the Lessor and the Vendor which consent shall not be unreasonably withheld, and upon such assignment and assumption, the obligation of the Lessee hereunder shall terminate without further liability; or

(c) the Lessee may, upon payment of a sum equal to the next succeeding 12 installments of monthly basic rent cancel this Lease after the effective date of the order of liquidation of the Debtor, provided that the Lessee shall perform the obligations with respect to the Equipment required by the Lessee hereunder with respect thereto during such 12-month period. In the event

the Lessee shall provide a new lessee in accordance with the preceding subparagraph (iii)(b) during such 12-month period, the Lessee shall be relieved of the obligations of the remaining balance of such 12-month period upon the payment and performance by such new lessee of the obligations and payments required hereunder, and the Lessee shall be entitled to a credit in the amount thereof; provided, however, that the Lessee shall pay all costs of repainting, restenciling and transportation of the Units subject to this Lease to such new lessee; and provided, further, that the Lessee's obligation with respect to the return of the Equipment shall be as set forth in Section 11 hereof in the event the Lessee elects to proceed with the option set forth in this subparagraph (iii)(c).

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver or cause to be delivered possession of the Units to the Lessor and shall give or cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Lessor pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads or such comparable standards as may then be in effect. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Lessor on the lines of the Lessee and there assembled,

(b) furnish and arrange for the Lessor to store such Units on the lines of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor, the Lessor agreeing to use its best efforts to sell, lease or otherwise dispose of the Units within one year, and

(c) cause the Units to be moved to such interchange point or points with the lines of the Lessee as

shall be designated by the Lessor upon any sale, lease or other disposal of all or any of the Units.

During any storage period the Lessee will permit the Lessor or any persons designated by it to inspect the Units. The assembling, delivery, storage, maintenance and transporting of the Units as provided in this Section 11 shall be at the expense and risk of the Lessee (and the Lessee will maintain the insurance required by § 7 of this Lease to be maintained during this period) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. In the event that the Units or any thereof are sold, the Lessee shall pay to the Lessor the per diem interchange earned for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date such Unit is available to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time and to give all appropriate notices and directions to the Association of American Railroads to change the registration of such Unit from the Lessee or the Sublessee to the Lessor or as the Lessor may direct.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee.

The Lessor will assign certain of its rights under this Lease as security to First Security Bank of Utah, N.A., acting as Agent (the "Vendor"), pursuant to an Assignment of Lease dated as of the date hereof (the "Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant

to a Consent and Agreement substantially in the form attached hereto (the "Consent") and such other consents as may be requested by the Lessor pursuant to the terms hereof.

After any such assignment, the term "Lessor" as used in this Lease shall include the Vendor for all purposes of this Lease, including but not limited to the provisions of §§ 6 and 9 hereof, and this Lease shall be binding upon and inure to the benefit of the Lessor and the Vendor, and the successors and assigns, agents, principals and servants of any such party, and the Lessee and its successors, and, to the extent permitted hereby, assigns. With respect to § 9, the wilful misconduct or gross negligence of any one such person shall not affect the rights of any other such person under such Section except to the extent such other person shall have been otherwise compensated for any loss indemnified against by any other person.

During the term of this Lease, if no Event of Default shall have occurred and the Vendor is entitled to apply the payment as set forth in the Consent, the Lessee's use and quiet enjoyment of the Units shall not be disturbed by the Lessor or anyone claiming solely through or under the Lessor. Without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as specifically set forth herein. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Lessor, materially adversely affect the interest of the Lessor in the Equipment or in the income and proceeds from the Equipment. Except to the extent specifically permitted by the provisions hereof, the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the

possession and use of the Units by it or any affiliate in accordance with the terms hereof and (i) to permit the use of the Units by a railroad company or companies incorporated in the United States of America with which the Lessee has contractual arrangements for the use of the Units for its benefit upon trackage owned or operated by it or upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and (ii) also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Indemnity Agreement by an appropriate instrument in writing) 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, provided that such assignee or transferee will not, upon the effectiveness of such assumption and merger, consolidation or acquisition be in default under any provision of this Lease.

§ 13. Right of First Refusal. Unless an Event of Default, or any event or condition which, upon notice or lapse of time, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, at any time within three months after the end of the original term of this Lease sell Equipment unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing to purchase in the aggregate all, but not less than all, of the Units;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the proposed purchase price or

prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Units to the Lessee upon the same terms and conditions as those set forth in such notice; and

(c) the Lessee shall not have notified the Lessor, within 20 days following receipt of such notice, of its election to purchase such Units upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Units, the Lessor may sell such Items of Equipment at a price and upon other terms and conditions no less favorable to the Lessor than those specified in such notice.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Lease or as soon as practicable on or after the termination of the term of this Lease and in any event not later than 90 days after the termination of the term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, cause each Unit to be transported to such point or points on the Lessee's lines as shall be designated by the Lessor immediately prior to such termination and arrange for the Lessor to store such Unit on any of Lessee's lines of railroad or premises approved by the Lessor for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 90 days from the date at which at least 95% of such Units are first placed in storage pursuant to this § 14; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Lessee or of its employees or agents and except to the extent otherwise provided by law. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the

premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Lessor pursuant to § 9 hereof and have removed therefrom at Lessee's expense any Part or Addition title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as may then be in effect. If any Unit suffers a Casualty Occurrence during any period prior to its return to the Lessor as provided for in this § 14 or during any storage period provided for in this § 14, the Lessee shall pay to the Lessor the Casualty Value of such Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of the term of this Lease as to such Unit, belong to and be the property of the Lessor.

§ 15. Recording. The Lessor, at its own expense, will cause this Lease, the Security Document, and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessor will, at its own expense, undertake the filing, registering, deposit, and recording required of the Lessor under the Security Document, and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease.

§ 16. Conditions. Prior to the delivery and acceptance of any Unit hereunder, the Lessor shall have been advised that all conditions to its purchase of the Equipment under and as contemplated by the Security Document shall have been satisfied, including, without limitation, the filing and recording of this Lease and the Security Document with the Interstate Commerce Commission.

Lessee agrees to deliver to Lessor at its request such opinions and certificates in form and substance as shall

be reasonably required by Lessor in order to meet Lessor's obligations under, and to satisfy the conditions of, the Security Document.

§ 17. Lessor's Right To Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of 13% per annum (or such lesser amount as may be legally enforceable), shall be payable by the Lessee upon demand.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 13% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Representations and Warranties of the Lessee. The Lessee represents and warrants to the Vendor, the Investors and the Lessor as follows:

(a) The Debtor is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business and in good standing in such other jurisdictions in which the business and activities of the Debtor require such qualification.

(b) The Lessee has full power, authority and legal right to carry on the Debtor's business as now conducted and is duly authorized and empowered in the Reorganization Proceedings pursuant to an order or orders of the court in the Reorganization Proceedings (the "Order") and otherwise to execute and deliver this Lease, the Indemnity Agreement and the Consent and to fulfill and comply with the terms, conditions and provisions hereof and thereof; this Lease, the Consent and the Indemnity Agreement have been duly authorized and approved in the Reorganization Proceedings pursuant to the Order, from which no appeal has been taken, and otherwise and have been or will be, on or before delivery of any unit of

Equipment, duly authorized, executed and delivered and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute or will then constitute valid, legal and binding agreements, enforceable against the Lessee in accordance with their terms.

(c) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee or the Debtor) pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity or before any commission or other administrative agency which could materially and adversely affect the condition, financial or otherwise, of the Lessee or materially prevent or interfere with its ability or right to perform its duties and obligations under this Lease, the Indemnity Agreement or the Consent; and the Lessee is not to its knowledge in default with respect to any order or decree of any court or governmental commission, agency or instrumentality.

(d) The Lessee is not a party to any agreement or instrument or subject to any charter or other restriction materially and adversely affecting the business, present or proposed, of the Lessee or the operations, property or assets or condition, financial or otherwise, of the Lessee.

(e) Neither the execution and delivery of this Lease, the Indemnity Agreement or the Consent nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any order entered in the Reorganization Proceedings or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which either of the Lessee or the Debtor is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the lapse of time or both) a default thereunder or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee or the Debtor or upon the Equipment pursuant to the terms of any such agreement or instrument or violate any applicable law or governmental rule or regulation.

(f) No authorization, approval, order or license is required from any court or other governmental or public body or authority (including, but not limited to the Interstate Commerce Commission) in connection with the execution, delivery and performance by the Lessee of this Lease or the Consent, other than the Order.

(g) The Lessee has filed all foreign, Federal, state and local income tax returns which are required to be filed, and has paid or made provisions for the payment of all income taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than such taxes which are being contested in good faith and which in the aggregate do not involve material amounts.

(h) The Lessee has furnished to the Lessor copies of the Debtor's Offer to Purchase dated May 3, 1979, containing audited consolidated balance sheets of the Debtor as of December 31, 1977, and 1978, and the related consolidated statements of operations, accumulated deficit and changes in financial position for the twelve month periods then ended. Such financial statements are in accordance with the books and records of the Debtor and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period covered by the financial statements. The financial statements present fairly the financial condition of the Debtor at such dates and the results of its operations and changes in its financial position for such periods; and from the date of the last such balance sheet, there has not been any material adverse change in the assets, liabilities, business or condition (financial or otherwise) of the Debtor.

§ 20. Reports. The Lessee will deliver to the Lessor (i) as soon as available and in any event within 120 days after the end of each fiscal year of the Debtor, a certificate signed by a responsible officer of the Debtor stating that a review of the activities of the Debtor during such year has been made under his supervision with a view to determining whether the Debtor has kept, observed, performed and fulfilled all of the obligations of the Debtor under this Lease and that to the best of his knowledge the Debtor during such year has kept, observed, performed and fulfilled each and every covenant, obligation and condition contained herein, or if an Event of Default (as defined in the Lease)

shall exist or if an event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute an Event of Default, specifying such Event of Default and all such events and the nature and status thereof; (ii) as soon as available and in any event within 90 days after the end of each quarterly period (except the last) of each fiscal year, and to the extent available a balance sheet of the Debtor as at the end of such period, and an income statement of the Debtor for the period beginning on the first day of such quarterly period and ending on the date of such balance sheet, setting forth comparative figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified by the principal accounting officer employed by the Debtor; (iii) as soon as available and in any event within 150 days after the end of each fiscal year, a copy of the consolidated balance sheet of the Debtor and the related statements of operations, accumulated deficit and changes in financial position, certified by independent public accountants; and any other report reasonably required; and (iv) promptly upon any responsible officer's becoming aware of any condition which constitutes an Event of Default, or which with notice or lapse of time or both would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this § 20 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of such official's operational responsibilities would have knowledge of such matter.

§ 21. Necessary Costs and Expenses of Administration. Upon the issuance of the Order, it is hereby expressly understood and agreed that any and all obligations of the Lessee hereunder and any and all amounts payable in connection therewith, including but not limited to those arising out of any breach of warranty or breach or termination of this Lease, or otherwise, together with interest thereon to the date of payment thereof, shall be deemed to be necessary costs and expenses of administration incurred by the Trustees in the Reorganization Proceedings and shall rank equally and ratably with all other expenses of administration of the Trustees, except trustees' certificates heretofore or hereafter issued by the Trustee.

Subject to the provisions of the last paragraph of Section 10 hereof, in case of any sale or conveyance of

all or substantially all of the lines of railroad of the Debtor, or of the lines of the Debtor on which a substantial portion of the Equipment is used, the purchaser or transferee of the purchaser, shall not be at liberty to refuse to accept performance of this Lease or to disaffirm it and any such purchaser and any such transferee shall assume and agree to perform each and all of the obligations of the Lessee hereunder.

The Lessee agrees, but only so long as the Lessee is subject to the Reorganization Proceedings, that, so long as any portion of the Conditional Sale Indebtedness shall be outstanding, the Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of railroad rolling stock, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of the Lessee hereunder or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Debtor (except the equipment or other property involved in the particular transaction) unless the obligations of the Lessee hereunder are equally and ratably secured thereby, provided that nothing herein shall restrict the right of the Trustees to issue and sell trustees' certificates for any proper purpose.

§ 22. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or by registered or certified mail, postage prepaid, addressed as follows:

if to the Lessor, at 295 Madison Avenue, New York, N. Y. 10017, Attention of Mr. Stephen Goldsmith and Benjamin D. Fein, Esq., 575 Madison Avenue, New York, New York 10022;

if to the Lessee, at Iron Horse Park, North Billerica, Massachusetts 01862, Attention of Vice President, Equipment;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by

any party hereto to the other parties shall be delivered to the address set forth above or so furnished for such party. Any notice to the Lessee regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Lessor.

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

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

All agreements, indemnities, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease, with respect to matters or events occurring during the term of this Lease or with respect to the obligations of Lessee under Sections 10, 11 and 14.

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

§ 25. Incorporation of Tax Indemnity Agreement. The Indemnity Agreement between the Lessor and Lessee dated as of the date hereof is incorporated herein by reference. All the rights and obligations in said Agreement shall be

considered as rights and obligations under this Lease and inseparable therefrom.

§ 26. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Massachusetts; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

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

ROBERT W. MESERVE and BENJAMIN H. LACY, Trustees of the Property of Boston and Maine Corporation, Debtor,

by

_____
as Trustee, not individually

by

_____
as Trustee, not individually

ARLINGTON-INTEGRATED (RAIL), INC.,

by

_____

[CORPORATE SEAL]

Attest:

_____

COMMONWEALTH OF MASSACHUSETTS,)
) ss.:
COUNTY OF SUFFOLK,)

On this day of 1979, before me personally appeared ROBERT W. MESERVE and BENJAMIN H. LACY, to me personally known, who, being by me duly sworn, say that they are Trustees of the Property of Boston and Maine Corporation, Debtor, and that said instrument was signed on behalf of said Debtor by authority of the United States District Court for the District of Massachusetts, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

_____
Notary Public

[Notarial Seal]

My Commission Expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of ARLINGTON-INTEGRATED (RAIL), INC., 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 By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission Expires

Schedule A

Type	Builder's Specification	Builder's Plant	Quantity	Estimated Unit Base Price (in United States Dollars)	Estimated Total Base Price (in United States Dollars)	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
50' 6", 70-ton Class XL boxcar with 10" sliding doors	PACCAR Specifications PC-655, Revision B, dated May 18, 1979; Drawing 2904-201	Renton, Washington	200	$41,040	$8,208,000	BM 3200-BM 3399, both inclusive	August-September 1979 at Renton, Washington.

SCHEDULE B to LEASE

Casualty Values*

Item I: Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
October 15, 1979	86.3885	August 15, 1982	94.3141
November 15, 1979	87.0921	September 15, 1982	94.2844
December 15, 1979	87.8181	October 15, 1982	94.2002
January 15, 1980	88.2128	November 15, 1982	94.1181
February 15, 1980	88.6215	December 15, 1982	94.0382
March 15, 1980	89.0447	January 15, 1983	93.9026
April 15, 1980	89.4827	February 15, 1983	93.7678
May 15, 1980	89.8529	March 15, 1983	93.6338
June 15, 1980	90.2365	April 15, 1983	93.5008
July 15, 1980	90.5509	May 15, 1983	93.3214
August 15, 1980	90.8773	June 15, 1983	93.1418
September 15, 1980	91.2161	July 15, 1983	92.9145
October 15, 1980	91.4844	August 15, 1983	92.6858
November 15, 1980	91.7636	September 15, 1983	92.4557
December 15, 1980	92.0540	October 15, 1983	92.1768
January 15, 1981	92.2727	November 15, 1983	91.8951
February 15, 1981	92.5010	December 15, 1983	91.6107
March 15, 1981	92.7392	January 15, 1984	91.2881
April 15, 1981	92.9875	February 15, 1984	90.9623
May 15, 1981	93.1781	March 15, 1984	90.6333
June 15, 1981	93.3776	April 15, 1984	90.3011
July 15, 1981	93.5182	May 15, 1984	89.9618
August 15, 1981	93.6663	June 15, 1984	89.6193
September 15, 1981	93.8223	July 15, 1984	89.2695
October 15, 1981	93.9183	August 15, 1984	88.9163
November 15, 1981	94.0207	September 15, 1984	88.5598
December 15, 1981	94.1299	October 15, 1984	88.1959
January 15, 1982	94.1778	November 15, 1984	87.8285
February 15, 1982	94.2311	December 15, 1984	87.4577
March 15, 1982	94.2898	January 15, 1985	87.0794
April 15, 1982	94.3543	February 15, 1985	86.6975
May 15, 1982	94.3667	March 15, 1985	86.3120
June 15, 1982	94.3836	April 15, 1985	85.9228
July 15, 1982	94.3472	May 15, 1985	85.5272

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Casualty Values*

Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
June 15, 1985	85.1279	May 15, 1988	68.0774
July 15, 1985	84.7221	June 15, 1988	67.5011
August 15, 1985	84.3125	July 15, 1988	66.9205
September 15, 1985	83.8990	August 15, 1988	66.3344
October 15, 1985	83.4790	September 15, 1988	65.7428
November 15, 1985	83.0549	October 15, 1988	65.1468
December 15, 1985	82.6269	November 15, 1988	64.5451
January 15, 1986	82.1922	December 15, 1988	63.9378
February 15, 1986	81.7534	January 15, 1989	63.3259
March 15, 1986	81.3105	February 15, 1989	62.7081
April 15, 1986	80.8634	March 15, 1989	62.0846
May 15, 1986	80.4107	April 15, 1989	61.4551
June 15, 1986	79.9537	May 15, 1989	60.8222
July 15, 1986	79.4911	June 15, 1989	60.1833
August 15, 1986	79.0240	July 15, 1989	59.5409
September 15, 1986	78.5526	August 15, 1989	58.8923
October 15, 1986	78.0754	September 15, 1989	58.2376
November 15, 1986	77.5937	October 15, 1989	57.5791
December 15, 1986	77.1074	November 15, 1989	56.9144
January 15, 1987	76.6152	December 15, 1989	56.2433
February 15, 1987	76.1184	January 15, 1990	55.5683
March 15, 1987	75.6169	February 15, 1990	54.8868
April 15, 1987	75.1108	March 15, 1990	54.1988
May 15, 1987	74.5997	April 15, 1990	53.5042
June 15, 1987	74.0839	May 15, 1990	52.8069
July 15, 1987	73.5630	June 15, 1990	52.1028
August 15, 1987	73.0373	July 15, 1990	51.3960
September 15, 1987	72.5067	August 15, 1990	50.6823
October 15, 1987	71.9709	September 15, 1990	49.9618
November 15, 1987	71.4301	October 15, 1990	49.2382
December 15, 1987	70.8842	November 15, 1990	48.5076
January 15, 1988	70.3331	December 15, 1990	47.7699
February 15, 1988	69.7768	January 15, 1991	47.0290
March 15, 1988	69.2152	February 15, 1991	46.2808
April 15, 1988	68.6484	March 15, 1991	45.5254

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Casualty Values*

Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
April 15, 1991	44.7625	January 15, 1993	29.4238
May 15, 1991	43.9978	February 15, 1993	28.8570
June 15, 1991	43.2255	March 15, 1993	28.2904
July 15, 1991	42.4511	April 15, 1993	27.7242
August 15, 1991	41.6692	May 15, 1993	27.2305
September 15, 1991	40.8794	June 15, 1993	26.7395
October 15, 1991	40.0880	July 15, 1993	26.3234
November 15, 1991	39.2882	August 15, 1993	25.9125
December 15, 1991	38.4804	September 15, 1993	25.5071
January 15, 1992	37.7161	October 15, 1993	25.1689
February 15, 1992	36.9446	November 15, 1993	24.7959
March 15, 1992	36.1657	December 15, 1993	24.3870
April 15, 1992	35.3795	January 15, 1994	24.0133
May 15, 1992	34.6498	February 15, 1994	23.6037
June 15, 1992	33.9144	March 15, 1994	23.1571
July 15, 1992	33.2373	April 15, 1994	22.6727
August 15, 1992	32.5563	May 15, 1994	22.3329
September 15, 1992	31.8713	June 15, 1994	21.9581
October 15, 1992	31.2464	July 15, 1994	21.7309
November 15, 1992	30.6194	August 15, 1994	21.4719
December 15, 1992	29.9905	September 15, 1994	21.1802
		October 15, 1994	20.0000

Item II:	Anniversary of Delivery and Acceptance	Percentage of Purchase Price
	Third	19.2308
	Fifth	12.8205
	Seventh	6.4103

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Annex D to the
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of August 1, 1979

between

ARLINGTON-INTEGRATED (RAIL), INC.

and

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but solely as agent under
the Participation Agreement dated as of the date hereof.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1979, between ARLINGTON-INTEGRATED (RAIL), INC. (the "Lessor"), and FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as agent (the "Agent") for certain institutional investors (the "Investors") under a Participation Agreement dated as of the date hereof with the Lessor and the Investors.

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "Security Document") with PACCAR, Inc. (the "Builder"), providing for the sale from the Builder to the Lessor of such units of railroad equipment (the "Units") described in the Annex B thereto as are delivered to and accepted by the Lessor thereunder; and the Security Document is being assigned to the Agent by the Builder.

The Lessor and the Trustees of the Property of the Boston and Maine Corporation, Debtor (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Investors to invest in the Conditional Sale Indebtedness as defined in the Security Document, the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Agent.

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

1. The Lessor hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the Lessor's obligations under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to

the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise, except (i) any indemnity payable to the Lessor pursuant to § 6 or § 9 of the Lease which is not required to be paid over under the CSA to the Agent, (ii) any liability insurance proceeds payable to the Lessor pursuant to § 7 of the Lease and (iii) any increases in rental and casualty payments and any other payments which may be required by the Indemnity Agreement (as defined in the Lease) (all such rights, title, interests, powers, privileges and other benefits being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Agent agrees to accept for the account of the Lessor any Payments made by the Lessee pursuant to the Lease. To the extent received, the Agent will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Document could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor by bank wire to the Lessor at such address as may be specified to the Agent in writing, and such balance shall be retained by the Lessor. If the Agent shall not receive any Payment when due or if the Agent shall have actual notice of an Event of Default under the Lease, the Agent shall promptly notify the Lessor by telephone and confirm such notice in writing to the address set forth in the Lease; provided, however, that the failure of the Agent to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security for the obligations of the Lessor under the Security Document and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in

any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor under the Lease shall be and remain enforceable by the Lessee and its successors and assigns, against, and only against, the Lessor or persons other than the Agent.

3. To protect the security afforded by this Assignment, the Lessor agrees as follows:

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

(b) Should the Lessor fail to make any payment or to do any act which this Assignment requires the Lessor to make or do, then the Agent, but without obligation so to do, after first making written demand upon the Lessor and affording the Lessor a reasonable period of time within which to make such payment or do such act, but without releasing the Lessor from any obligation hereunder, may make or do the same in such manner and to such extent as the Agent may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Agent, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessor contained in the Lease; and in exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessor will reimburse the Agent for such costs, expenses and fees; <u>provided</u>, <u>however</u>, that the obligations of the Lessor to make reimbursements under this Paragraph 3 are subject to the last

paragraph of Article 4 of the Security Document.

4. The Lessor does hereby constitute the Agent the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Agent may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and Participation Agreement, this Assignment and all rights herein assigned to the Agent shall terminate, and all estate, right, title and interest of the Agent in and to the Lease shall revert to the Lessor without further act or deed, but the Agent shall execute and deliver such documents as the Lessor may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion. Promptly following such full discharge and satisfaction, the Agent will advise the Lessee in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Agent.

6. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, and deliver any and all further instruments required by law or reasonably requested by the Agent in order to confirm or further assure the interests of the Agent hereunder.

7. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder. The Agent will give written notice to the Lessor and the Lessee of any such assignment.

8. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments thereunder to be promptly delivered or made to the Agent at its address set forth in the attached Lessee's Consent and Agreement, or at such other address as the Agent shall designate.

10. The Agent hereby agrees with the Lessor that (i) so long as no event of default, or any event which with lapse of time or notice or both would constitute such an event of default, under the Security Document has occurred and is then continuing, the Agent will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessor to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that (ii) subject to the terms of the Lease, and the Security Document, the Lessor may, so long as no event of default or event which with notice or lapse of time or both would constitute such an event of default under the Security Document has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges, and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, the Lessor shall not, without the prior written consent of the Agent, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

11. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names, by officers thereunto duly authorized, and their

respective corporate seals to be affixed and duly attested, all as of the date first above written.

ARLINGTON-INTEGRATED (RAIL), INC.,

by

_____

[CORPORATE SEAL]

Attest:

_____

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity, but solely as Agent,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ARLINGTON-INTEGRATED (RAIL), INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, THE TRUSTEES OF THE PROPERTY OF BOSTON AND MAINE CORPORATION, DEBTOR, the Lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease (the "Assignment"), hereby acknowledges receipt of a copy of the Assignment, consents to all the terms and conditions of the Assignment and agrees:

(1) subject to the terms and conditions of the Assignment, to pay all Payments (as defined in the Assignment) due and to become due to Arlington-Integrated (Rail), Inc. (the "Lessor") under the Lease in respect of the Units leased thereunder, without any setoff, abatement, counterclaim, deduction or defense whatsoever, directly to the First Security Bank of Utah, N.A., as agent (the "Agent") to its address at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department (or to such other address as may be furnished in writing to the undersigned by the Agent);

(2) subject to the terms and conditions of the Assignment, that the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Agent were named therein as the Lessor;

(3) that the Agent shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise and so long as no Event of Default exists under the Lease and the Agent is entitled to apply the Payments in accordance with the Assignment the Lessee shall be entitled to the rights of possession, use and assignment as provided in the Lease (otherwise all rights of the Lessee shall be subject to the rights and remedies of the Agent under the Security Document);

(4) the Lease shall not, without the prior written consent of the Agent, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in any alteration or impairment of the obligations of Lessor under the Lease which are intended to satisfy the obligations of the Lessor under the Security Document, the obligations of the Lessor under the Assignment or

the obligations of the Lessee under this Consent and Agreement or of any of the rights created by any thereof; and

(5) that it will execute, deliver and/or furnish to the Agent all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Lease.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement shall be deemed to be a contract under the laws of the Commonwealth of Massachusetts and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

Dated as of August 1, 1979

ROBERT W. MESERVE and BENJAMIN H. LACY, Trustees of the Property of Boston and Maine Corporation, Debtor,

by

_____
as Trustee, not individually

by

_____
as Trustee, not individually

CONDITIONAL SALE AGREEMENT

Dated as of August 1, 1979

between

ARLINGTON-INTEGRATED (RAIL), INC.,
Owner,

and

PACCAR, INC.,
Builder,

CONDITIONAL SALE AGREEMENT dated as of August 1, 1979, between PACCAR, INC. (the "Builder" or the "Vendor", as the context may require, as more particularly set forth in Article 1 hereof), and ARLINGTON-INTEGRATED (RAIL), INC., a Delaware corporation (the "Owner").

The Builder agrees to construct, sell and deliver to the Owner, and the Owner agrees to purchase, the railroad equipment described in Annex B hereto (the "Equipment").

The Owner is entering into a Lease of Railroad Equipment dated as of the date hereof with Robert W. Meserve and Benjamin H. Lacy, Trustees of the Property of Boston and Maine Corporation (the "Lessee"), in substantially the form annexed as Annex C hereto (the "Lease").

First Security Bank of Utah, N.A. (the "Assignee"), is acting as agent for certain investors (the "Investors") pursuant to the Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Owner and the Investors.

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

ARTICLE 1. Assignment; Definitions. The parties hereto contemplate that the Owner will furnish that portion of the Purchase Price (as defined in Article 4 hereof) for the Equipment as is required under subparagraph (a) of the third paragraph of Article 4 hereof and that an amount equal to the balance of such Purchase Price shall be paid to the Builder by the Assignee pursuant to an Agreement and Assignment dated as of the date hereof (the "CSA Assignment") between the Builder and the Assignee, as agent.

The term "Vendor", whenever used in this Agreement, means, before any assignment of its rights hereunder, the party hereto which has manufactured the Equipment and any successor or successors for the time being to its manufacturing properties and business, and, after any such assignment, both any assignee or assignees for the time being of such particular assigned rights as regards such rights, and

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

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

ARTICLE 2. Construction and Sale. The Builder shall construct the Equipment at its plant or plants described in Annex B hereto and will sell and deliver the Equipment to the Owner and the Owner will purchase from the Builder and accept delivery of and pay for the Equipment. Each unit of Equipment shall be constructed in accordance with the specifications referred to in Annex B hereto and in accordance with such modifications thereof as may be agreed upon in writing among the Builder, the Owner and the Lessee (which specifications and modifications, if any, are hereinafter called the "Specifications"). The Builder represents and warrants that (i) the design, quality and component parts of each unit of the Equipment shall conform, on the date of delivery and acceptance hereunder, to all United States Department of Transportation and Interstate Commerce Commission requirements and specifications and to all standards, if any, recommended by the Association of American Railroads reasonably interpreted as then being applicable to each such unit, (ii) none of such component parts will be used components, (iii) none of such units will have been used so as to preclude the original use thereof by the Owner within the meaning of Sections 48(b)(2) and 167(c)(2) of the Internal Revenue Code of 1954 (as amended) (the "Code") and (iv) each unit of the Equipment will be "new section 38 property" within the meaning of the Code when acquired by the Owner.

ARTICLE 3. Inspection and Delivery. The Builder will deliver the units of the Equipment at the place or places specified in Annex B hereto (or if Annex B does not

specify a place or places, at the place or places designated from time to time by the Owner), freight, if any, prepaid, in accordance with the delivery schedule set forth in Annex B hereto; provided, however, that delivery of any unit of the Equipment shall not be made until the filings and recordings referred to in Article 18 hereof have been made; and provided, further, that the Builder shall not have any obligation to deliver any unit of Equipment hereunder subsequent to the commencement of any proceedings specified in clause (c) of Article 15 hereof or the occurrence of any event of default (as described in Article 15 hereof), or any event which with notice or lapse of time or both would constitute such an event of default. The Builder agrees not to deliver any unit of Equipment hereunder (a) following receipt of written notice from the Owner or the Assignee of the commencement of any such proceedings or the occurrence of any such event of default or event, as aforesaid, and (b) until it receives notice from the Assignee and the Owner, respectively, that the conditions contained in Paragraphs 6 and 7, respectively, of the Participation Agreement have been met.

Notwithstanding the next succeeding paragraph:

(i) any Equipment not delivered pursuant to the first paragraph of this Article 3, or

(ii) any Equipment not delivered and accepted hereunder for any reason on or prior to October 15, 1979, if the Lessee and the Owner shall not have entered into an amendment to the Lease in form and substance satisfactory to the Vendor and the Owner revising rental payment dates so as to commence on a date subsequent to the date of delivery and acceptance thereof (but prior to March 31, 1980), and the parties hereto shall have entered into an appropriate amendment hereto (if consented to by the Investors) to reflect the necessary changes in Article 4 hereof,

shall be excluded from this Agreement (it being understood that in no event shall the Owner be obligated to enter into any supplement to the Lease in respect of Equipment delivered after March 31, 1980); and the Owner shall be relieved of its obligations to purchase and pay for such Equipment. If any Equipment shall be excluded herefrom pursuant to the immediately preceding sentence, the parties hereto shall execute an agreement supplemental hereto limiting this Agreement to the Equipment not so excluded herefrom.

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

During construction, the Equipment shall be subject to inspection and approval by the authorized inspectors of the Owner (who may be employees or agents of the Lessee) and the Builder shall grant to such authorized inspectors reasonable access to its plant or plants. The Builder will inspect the materials used in the construction of the Equipment in accordance with the standard quality control practices of the Builder. Upon completion of each unit or a number of units of the Equipment, such unit or units shall be presented to an inspector for the Owner for inspection at the place specified for delivery of such unit or units, and if each such unit conforms to the Specifications, requirements and standards applicable thereto and if no Event of Default or event which, with the giving of notice or the lapse of time, or both, would become such an Event of Default under the Lease, has occurred and is continuing, such inspector shall execute and deliver to the Builder a certificate of acceptance ("Certificate of Acceptance") stating that such unit or units have been inspected and accepted on behalf of the Owner and are marked in accordance with Article 9 hereof; provided, however, that the Builder shall not thereby be relieved of its warranties contained or referred to herein. Acceptance of any unit of Equipment by the Lessee pursuant to § 2 of the Lease shall be deemed to be acceptance of such unit by the Owner.

Upon delivery of a Certificate of Acceptance with respect to each such unit of Equipment, the Builder shall have no further responsibility for, nor bear any risk of, any damage to or the destruction or loss of such unit; provided, however, that the Builder shall not thereby be relieved of its warranties contained or referred to herein.

Notwithstanding the foregoing or any other provision of this Agreement to the contrary, the delivery to and acceptance by or on behalf of the Owner of any unit of Equipment excluded from this Agreement pursuant to the second paragraph of Article 3 hereof or the first paragraph of Article 4 hereof shall be ineffective, ab initio, to create in or transfer to the Owner any legal or beneficial

right or interest in such unit or (except as provided in the first paragraph of Article 4 hereof) to impose on the Owner any liability, obligation or responsibility with respect thereto.

ARTICLE 4. Purchase Price and Payment. The base price or prices per unit of the Equipment are set forth in Annex B hereto. Such base price or prices are subject to such increase or decrease as may be agreed to by the Owner and the Lessee. The term "Purchase Price" as used herein shall mean the base price or prices as so increased or decreased as set forth in the invoice or invoices delivered to the Owner (which shall include any applicable freight charges) and, if the Purchase Price is other than the base price or prices set forth in Annex B, the invoice or invoices shall be accompanied by, or have endorsed thereon, the agreement or approval of the Lessee and the Owner (the "Invoices"). If on any Closing Date (as hereinafter defined in this Article) the aggregate Purchase Price of Equipment for which settlement is then being made would exceed the Maximum Purchase Price specified in Item 4 of Annex A hereto, the Builder (and any assignee of the Builder) and the Owner will enter into an agreement effective as of the date of acceptance thereof, excluding from this Agreement such unit or units of Equipment then proposed to be settled for and specified by the Owner and the Lessee, as will, after giving effect to such exclusion, reduce such aggregate Purchase Price under this Agreement to not more than the Maximum Purchase Price specified in Item 4 of Annex A hereto, and the Owner shall have no further obligation or liability in respect of units so excluded.

The Equipment shall be settled for in such number of groups of units of the Equipment delivered to and accepted by the Owner as is provided in Item 2 of Annex A hereto (a "Group"). The term "Closing Date" with respect to any Group shall mean the date (not later than October 15, 1979) as shall be fixed by the Owner by written notice delivered to the Lessee, the Builder and the Assignee at least seven business days prior to the Closing Date designated therein. At least six business days prior to the Closing Date with respect to a Group of Equipment, the Builder shall present to the Owner and the Lessee the Invoices for the Equipment to be settled for. The term "business day" as used herein means any calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in North Billerica, Massachusetts, Salt Lake City, Utah, or New York, New York, are authorized or obligated to remain closed.

The Owner hereby acknowledges itself to be indebted to the Vendor in the amount of, and hereby agrees to pay in immediately available funds to the Vendor at such place as the Vendor may designate, the Purchase Price of the Equipment, as follows:

(a) on the Closing Date with respect to each Group an amount equal to 20% of the aggregate Purchase Price of such Group; and

(b) in 167 monthly installments in arrears, as hereinafter provided, an amount equal to the aggregate Purchase Price of such Group, less the aggregate amount paid or payable with respect thereto pursuant to subparagraph (a) of this paragraph.

The portion of the Purchase Price payable pursuant to subparagraph (b) of the preceding paragraph (the "Conditional Sale Indebtedness") shall be payable on the 15th day of each month, commencing November 15, 1979, to and including September 15, 1993 (or if any such date is not a business day, on the next succeeding business day), each such date being hereinafter called a "Payment Date". The unpaid balance of the Conditional Sale Indebtedness shall bear interest from the Closing Date in respect of which such indebtedness was incurred at the rate of 12% per annum. Such interest shall be payable in arrears to the extent accrued on October 15, 1979, and on each Payment Date thereafter. The installments of principal payable on each Payment Date shall be calculated so that the amount and allocation of principal and interest payable on each Payment Date shall be substantially in proportion to the amount and allocation of principal and interest on such Payment Date set forth in Schedule I hereto, and the aggregate of such installments of principal will completely amortize the remaining Conditional Sale Indebtedness by September 15, 1993. The Owner will furnish to the Vendor and the Lessee promptly after the Closing Date a schedule, in such number of counterparts as shall be requested by the Vendor, showing the respective amounts of principal and interest payable on each Payment Date.

Interest under this Agreement shall be calculated on the basis of a 360-day year of 12 30-day months, except that interest payable on October 15, 1979, shall be computed on an actual elapsed day, 365-day year, basis.

The Owner will pay, to the extent legally enforceable, interest upon all amounts remaining unpaid after the

same shall have become due and payable pursuant to the terms hereof at the rate of 13% per annum.

All payments provided for in this Agreement shall be made in immediately available funds in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts. Except as provided in Article 7 hereof, the Owner shall not have the privilege of prepaying any portion of the Conditional Sale Indebtedness prior to the date it becomes due.

The obligation of the Owner to pay to the Vendor the amount required to be paid pursuant to subparagraph (a) of the third paragraph of this Article 4 with respect to any Group shall be subject to the receipt by the Owner of copies of the documents required to be furnished with respect to such Group pursuant to Section 4 of the CSA Assignment and Paragraph 7 of the Participation Agreement.

Notwithstanding any other provisions of this Agreement, including, without limitation, Articles 15 and 16 hereof, it is understood and agreed by the Vendor that the liability of the Owner for all payments to be made by it under and pursuant to this Agreement and for all performance obligations (other than the payments called for by subparagraph (a) of the third paragraph of this Article and as provided in the proviso to the last paragraph of Article 12 hereof), shall not exceed an amount equal to, and shall be payable only out of, the income and proceeds from the Equipment. As used herein the term "income and proceeds from the Equipment" shall mean (i) if an event of default shall have occurred under Article 15 hereof and while it shall be continuing, so much of the following amounts as are indefeasibly received by the Owner (or any assignee of the Owner) at any time after any event of default and during the continuance thereof: (a) all amounts of rental and all amounts in respect of Casualty Occurrences payable pursuant to the Lease, and (b) any and all other payments or proceeds so received pursuant to the Lease, or for or with respect to the Equipment as the result of the sale, lease or other disposition thereof, after deducting all costs and expenses of such sale, lease or other disposition, and (ii) at any other time only that portion of the amounts referred to in the foregoing clauses (a) and (b) or otherwise payable to the Owner pursuant to the Lease, as are indefeasibly received by the Owner

or any assignee of the Owner and as shall equal the portion of the Conditional Sale Indebtedness and/or interest thereon due and payable by the Owner on the date such amounts so received were required to be paid pursuant to the Lease or as shall equal any other payments (including payments in respect of Casualty Occurrences as defined in Article 7 hereof) then due and payable under this Agreement; it being understood that "income and proceeds from the Equipment" shall in no event include (i) amounts referred to in the foregoing clauses (a) and (b) which were received by the Owner or any assignee of the Owner prior to the existence of such an event of default which exceeded the amounts required to discharge that portion of the Conditional Sale Indebtedness and/or interest thereon due and payable by the Owner on the date on which amounts with respect thereto received by the Owner or any assignee of the Owner were required to be paid pursuant to the Lease or which exceeded any other payments including payments in respect of Casualty Occurrences due and payable under this Agreement at the time such amounts were payable under the Lease (ii) any indemnity payable to the Lessor pursuant to § 6 or § 9 of the Lease which is not required to be paid hereunder to the Assignee, (iii) any liability insurance proceeds payable to the Lessor pursuant to § 7 of the Lease or (iv) any increases in rental and casualty payments and any other payments which may be required by the Indemnity Agreement. The Vendor agrees that if it obtains a judgment against the Owner for an amount in excess of the amounts payable by the Owner pursuant to the limitations set forth in this paragraph, it will, accordingly, limit its execution of such judgment to such amount.

ARTICLE 5. Security Interest in the Equipment. The Vendor shall and hereby does retain a security interest in the Equipment until the Owner shall have made all its payments under this Agreement (including any payments due and payable under Articles 6 and 13 hereof), notwithstanding any provision of this Agreement limiting the liability of the Owner and notwithstanding the delivery of the Equipment to and the possession and use thereof by the Owner or the Lessee as provided in this Agreement and the Lease; it being understood that, subject thereto, ownership of the Equipment (upon delivery and acceptance thereof) shall pass to and remain in the Owner. Accordingly, after such time as all payments due or to become due hereunder (including any payments due and payable under Articles 6 and 13 hereof) shall have been completed and fully made to or for the account of the Vendor (without regard to the provisions of the last paragraph of Article 4 hereof or Article 21 hereof), (a) such payments

shall be deemed to represent the discharge in full of the Vendor's security interest in the Equipment at such time, (b) absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner without further transfer or action on the part of the Vendor, (c) any moneys remaining in the hands of the Vendor after providing for all outstanding amounts due and payable hereunder and as provided in the first paragraph of Paragraph 9 of the Participation Agreement shall be paid to the Owner, and (d) the Vendor shall execute for recording in public offices such instrument or instruments in writing as reasonably shall be requested by the Owner or the Lessee in order to discharge of record the security interest of the Vendor in, and to make clear upon public records the Owner's full title to, such units of the Equipment under the laws of any jurisdiction; provided, however, that until that time a security interest in the Equipment shall be and remain in the Vendor, notwithstanding the possession and use thereof by the Owner or the Lessee, pursuant to the terms of this Agreement or the Lease.

The Owner hereby waives and releases any and all rights, existing or that may be acquired, in or to the payment of any penalty, forfeit or damages for failure to execute and deliver such instrument or instruments or to file any certificate of payment in compliance with any law or statute requiring the filing of the same, except for failure to execute and deliver such instrument or instruments or to file such certificates within a reasonable time after written demand by the Owner.

The term "Equipment" as used in this Agreement shall not include any special devices or assemblies at any time attached or affixed to any unit of Equipment, the cost or purchase price of which is not included in the Purchase Price of the Equipment and the title to which is in a person other than the Owner.

ARTICLE 6. Taxes. The Owner agrees to pay, or cause to be paid promptly and on written demand to indemnify and hold the Vendor harmless from, all Taxes (as defined in § 6 of the Lease); excluding, however: Taxes of the United States of America or of any state or local government or governmental subdivision or authority thereof and imposed on or measured solely by the net income or excess profits, or taxes computed as a percentage of income tax liabilities, of the party entitled to indemnification, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Agreement; provided,

however, that the Owner shall not be required to pay any Taxes during the period the Owner may be contesting or causing to be contested the same in good faith and by appropriate proceedings if counsel for the Vendor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Vendor.

The amount which the Owner shall be required as reasonably may be required by the indemnified party to pay with respect to any Taxes indemnified against pursuant to this Article 6 shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In case any report or return is required to be made with respect to any obligation of the Owner under this Article 6 or arising out of this Article 6, the Owner shall either make such report or return in such manner as will show the interest of the Vendor in the Equipment or shall promptly notify the Vendor of such requirement and shall make such report or return in such manner as shall be satisfactory to the Vendor.

All the obligations of the Owner under this Article 6 shall survive and continue, notwithstanding payment in full of all amounts due under this Agreement, but only with respect to periods included in the term of this Agreement. Payments due from the Owner under this Article 6 shall be made directly to the indemnified party, except to the extent paid to a governmental agency or taxing authority.

The obligations of the Owner under this Article 6 are subject to the limitations contained in the last paragraph of Article 4 hereof and in Article 21 hereof.

The Owner shall furnish or cause to be furnished promptly, upon request, such information and data as are normally available to the Owner and which the Vendor reasonably may require to permit compliance with the requirements of any taxing authorities.

ARTICLE 7. Maintenance; Casualty Occurrences; Insurance. The Owner shall, at its own cost and expense, maintain and keep each unit of the Equipment (including any parts installed on or replacements made to any unit and considered an Addition thereto as provided in § 9 of the

Lease) in good operating order, repair and condition, ordinary wear and tear excepted. Such maintenance shall include the performance of any overhauls required pursuant to standard and prudent railroad requirements (including, but not limited to, the interchange rules of the Association of American Railroads).

In the event that any unit of the Equipment shall be or become lost, stolen, destroyed, irreparably damaged or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession thereof by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Agreement (a "Casualty Occurrence") during the term of this Agreement, the Owner shall, promptly after it shall have received notice from the Lessee thereof or otherwise been notified that such unit has suffered a Casualty Occurrence, cause the Vendor to be fully informed in regard thereto. On the interest payment date under Article 4 hereof next succeeding such notice or notification (or, in the event such date will occur within 15 days after delivery of such notice or notification to the Owner, on the following interest payment date), the Owner shall, subject to the limitations contained in the last paragraph of Article 4 hereof, pay to the Vendor an amount equal to the Casualty Value, as hereinafter defined, of such unit suffering a Casualty Occurrence as of the date of such payment. On the date of any such payment, the Owner shall file, or cause to be filed, with the Vendor a certificate setting forth the Casualty Value of such unit.

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

Any property insurance proceeds or condemnation payments received and retained by the Vendor in respect of units suffering a Casualty Occurrence shall be deducted from

the amounts payable by the Owner to the Vendor in respect of Casualty Occurrences pursuant to this Article. If the Vendor shall receive any property insurance proceeds or condemnation payments in respect of such units suffering a Casualty Occurrence either after the Owner shall have made payments pursuant to this Article without deduction for such property insurance proceeds or condemnation payments, or in excess of the Casualty Value (after taking into account payments by the Owner under this Article) of such units, the Vendor shall promptly pay such property insurance proceeds or condemnation payments to the Owner. All property insurance proceeds or condemnation payments or such excess received by the Vendor in respect of any unit or units of Equipment not suffering a Casualty Occurrence shall be paid to the Owner upon proof satisfactory to the Vendor that the damage to such unit in respect of which such proceeds were paid has been fully repaired.

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

The "Casualty Value" of any unit of Equipment on any date shall be deemed to be an amount computed by multiplying the unpaid principal amount of the Conditional Sale Indebtedness outstanding on such date (after giving effect to any payment in respect thereof due on such date pursuant to Article 4 hereof) by a fraction of which the numerator shall be the Purchase Price of such unit and the denominator shall be the Purchase Price of all units (including such unit) subject to this Agreement on such date.

The Owner will at all times prior to the payment of the Conditional Sale Indebtedness, together with interest thereon and all other payments required hereby, at its own expense, carry and maintain or cause to be carried and maintained public liability insurance at least in amounts and against risks customarily insured against by railroad com-

panies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee or any other user of the Equipment in respect of similar equipment owned by it.

ARTICLE 8. Reports and Inspections. On or before April 1 in each year, commencing with the calendar year 1980, the Owner shall cause to be furnished to the Vendor an accurate statement to the effect set forth in § 8 of the Lease. The Vendor, by its agents, shall have the right once in each calendar year, but shall be under no duty, to inspect the records of the Owner with respect to the Equipment, and the Owner covenants in that event to furnish to the Vendor all reasonable facilities for the making of such inspection.

ARTICLE 9. Marking of Equipment. The Owner will cause each unit of the Equipment to be kept numbered and marked as provided in § 5 of the Lease. The Owner shall not change, or permit to be changed, the identifying number of any unit of the Equipment unless and until a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and duly filed, recorded and deposited by the Owner in all public offices where this Agreement shall have been filed, recorded and deposited.

Except as above provided, the Owner will not allow the name of any person, association or corporation to be placed on the units of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that the Owner may permit the Equipment to be lettered with the names, trademarks, initials or other insignia customarily used by the Lessee or the Debtor.

ARTICLE 10. Compliance with Laws and Rules. During the term of this Agreement, the Owner will comply, and will cause every user of the Equipment to comply, in all respects (including, without limitation, with respect to the use, maintenance and operation of the Equipment) with all laws of the jurisdictions in which its or such user's operations involving the Equipment may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Equipment, to the extent that such laws and rules affect the title, operation or use of the Equipment, and in the event that such laws or rules require any alteration, replacement, addition or

modification of or to any part of any unit of the Equipment, the Owner will, or will cause the Lessee to, conform therewith at no expense to the Vendor; provided, however, that the Owner or the Lessee may, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the reasonable opinion of the Vendor, materially adversely affect the property or rights of the Vendor under this Agreement.

ARTICLE 11. Possession of Equipment. So long as no event of default has occurred and is continuing hereunder and the Vendor is entitled to apply the Payments as set forth in the Consent, the Owner shall be entitled to the possession and use of the Equipment and also to enter into the Lease, and to permit the use of the Equipment as provided in the Lease. The Owner hereby agrees that the Lease (except with respect to rights and payments specifically excluded from any assignment of rights and payments thereunder) and the rights of the Owner to receive rentals and other payments due and to become due thereunder shall be subject and subordinate to this Agreement and to the rights of the Vendor hereunder and under the Consent.

ARTICLE 12. Discharge of Liens. The Owner will pay or discharge any and all sums claimed by any party from, through or under the Owner which, if unpaid, might become a lien, charge or security interest on or with respect to the Equipment, or any unit thereof, or the "income and proceeds from the Equipment" (as defined in Article 4 hereof), and will promptly discharge any such lien, charge or security interest which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor, materially adversely affect the interest of the Vendor in the Equipment, its interest in said income and proceeds from the Equipment, or otherwise under this Agreement. Any amounts paid by the Vendor in discharge of liens, charges or security interests upon the Equipment shall be secured by and under this Agreement.

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

The obligations of the Owner under this Article are subject to the limitations contained in the last paragraph of Article 4 and in Article 21 hereof; provided, however, that the Owner will pay or discharge any and all claims, liens, charges or security interests claimed by any party from, through or under the Owner, not arising out of the transactions contemplated hereby (but including any tax liens arising out of the receipt of rentals and other payments under the Lease or the Participation Agreement), but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not materially adversely affect the security interest of the Vendor in the Equipment, its interest in said income and proceeds from the Equipment, or otherwise under this Agreement.

ARTICLE 13. Indemnity; Builder's Representations and Warranties. The Owner shall pay, and shall protect, indemnify and hold the Vendor, the Investors and their respective successors, assigns, principals, agents and servants ("Indemnified Persons"), harmless from and against any and all matters which are the subject of indemnity under § 9 of the Lease (Indemnified Matters"); except, however, in the case of the Builder, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant hereunder by the Builder and (ii) any matter covered by the Builder's warranty of material and workmanship and patent indemnification set forth in Item 3 of Annex A hereto. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any Indemnified Matter hereunder, the Owner may and, upon such Indemnified Person's reasonable request will, at the Owner's expense, resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel selected by the Owner and approved by such Indemnified Person and, in the event of any failure by the Owner to do so, the Owner shall pay all costs and expenses (including, without limitation, reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. The Vendor and the Owner each agree to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of any indemnities as contained in this Article by the Owner, or the making of provision satisfactory to the Indemnified Person for the full payment thereof, and provided that no event of

default set forth in Article 15 hereof (or other event which with lapse of time or notice or both would constitute such an event of default) shall have occurred and be continuing, the Owner shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person as a result of any Indemnified Matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to the Lease shall be paid over to the Owner to the extent necessary to reimburse the Owner for indemnification payments previously made in respect of such matter.

The indemnities contained in this Article shall survive the expiration or termination of this Agreement with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this Article shall be deemed to create any rights of subrogation in any insurer or third party against the Owner therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The Owner will bear the responsibility for and risk of, and shall not be released from its obligations hereunder in the event of, any damage to or the destruction or loss of any unit of or all the Equipment.

The obligations of the Owner under this Article 13 are subject to the limitations contained in the last paragraph of Article 4 and in Article 21 hereof.

The Builder represents and warrants to the Owner and the Assignee, and their respective successors and assigns, that this Agreement is duly authorized by it and lawfully executed and delivered by it for a valid consideration, that, assuming due authorization, execution and delivery by the other parties hereto, this Agreement is, insofar as the Builder is concerned, a legal, valid and existing agreement binding upon and enforceable against the Builder in accordance with its terms. The Builder represents and warrants to the Owner and the Assignee that, at the time of delivery and acceptance of each unit of the Equipment under this Agreement, the Owner will have good title to such unit, free and clear of all claims, liens, security interests and other encumbrances of any nature except only the rights of the Vendor

under this Agreement and the rights of the Lessee under the Lease. The Builder represents and warrants to the Owner and the Assignee that it is not entering into this Agreement, or into any other transaction contemplated by the Participation Agreement, directly or indirectly in connection with any arrangement or understanding by it in any way involving any employee benefit plan (other than a governmental plan) with respect to which it, or, insofar as is known to it, any party hereto or to the Participation Agreement is a party in interest, all within the meaning of the Employee Retirement Income Security Act of 1974, as amended.

The agreement of the parties relating to the Builder's warranty of material and workmanship and the agreement of the parties relating to patent indemnification are set forth in Item 3 of Annex A hereto.

ARTICLE 14. Assignments. Without the prior consent of the Vendor, which consent will not be unreasonably withheld the Owner will not (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement. Notwithstanding the foregoing, the Owner may (a) transfer the right to possession of any unit of the Equipment, except as provided in Article 11 hereof, or (b) sell, assign, transfer or otherwise dispose of its rights under this Agreement to an Affiliate of the Owner or to a limited partnership (the "Transferee Partnership") of which an Affiliate of the Owner is a corporate general partner, with such general partner having a net worth sufficient to meet the net worth test for a sole corporate general partner of a limited partnership as set forth in Revenue Procedure 72-13; provided, however, that (i) the Vendor shall have received 30 days prior written notice of any such disposition, (ii) the Owner has previously satisfied the provisions of subparagraph (a) of the third paragraph of Article 4 hereof and (iii) the Guarantor and the Owner will remain liable for their respective obligations under the Participation Agreement and the Owner will remain liable for its obligations hereunder and, if the Owner sells, assigns, transfers or otherwise disposes of all of its right, title and interest under this Agreement to a Transferee Partnership, the Transferee Partnership shall assume all of the obligations of the Owner which are due or become due to the Vendor under this Agreement and the Participation Agreement; provided, however, the Guarantor and the Owner agree to cause the assignee to comply with the provisions of the proviso of the last paragraph of Article 12 hereof. Upon a transfer to a Transferee Partnership the obligations of the Transferee Partnership hereunder will be subject to the limitations con-

tained in the last paragraph of Article 4 and in Article 21 hereof other than with respect to the At Risk Amount (as hereinafter defined). In the event that (i) as a result of an event of default under this Agreement the Equipment is sold for a gross sales price of less than $1,500,000 (the "At Risk Amount") and (ii) the Vendor obtains a final deficiency judgment against the Transferee Partnership, the Transferee Partnership shall be personally liable under this Agreement to the extent that the At Risk Amount exceeds the gross sales price for the Equipment. Furthermore, to the extent that the partners in the Transferee Partnership deliver to the Vendor personal assumptions of all or a portion of the At Risk Amount, the Transferee Partnership and its general partners will not be personally liable on a recourse basis on the At Risk Amount to the extent thereof, and the Vendor will proceed only against such partners on a recourse basis on the At Risk Amount with respect to such amounts so long as such assumptions are in full force and effect; provided, however, the corporate general partners, as general partners of the Transferee Partnership, shall otherwise remain liable in respect of all obligations under this Agreement, including, subject to the limitations provided in Articles 4 and 21 hereof, payment of the Conditional Sale Indebtedness and interest thereon. Whenever the term "the Transferee Partnership" is used in this Article 14, such term shall mean the Transferee Partnership and the partners therein. Notwithstanding the foregoing limitations on personal liability of the Transferee Partnership, the obligations of the Owner set forth in the proviso to the last paragraph of Article 12 hereof shall become the personal obligation of the general partner of the Transferee Partnership. For this purpose, "Affiliate" shall mean any corporation which, directly or indirectly, controls or is controlled by, or is under common control with, the Owner, and "control" as used with respect to any corporation, shall mean the possession, directly or indirectly, or the power to direct or cause the direction of the management and policies of such corporation, whether through the ownership of voting securities or by contract or otherwise.

All or any of the rights, benefits and advantages of the Vendor under this Agreement, including the right to receive the payments herein provided to be made by the Owner, may be assigned by the Vendor and reassigned by any assignee at any time or from time to time. No such assignment shall subject any assignee to, or relieve the Builder from, any of the obligations of the Builder to construct and deliver the Equipment to the Owner in accordance herewith or to respond to its warranties and indemnities contained or referred to in Articles 2 and 13 hereof, or relieve the Owner of its obligations to the Builder contained in Articles 2, 3, 4, 6 and 13 hereof, Annex A hereto and this Article 14, or any other

obligation which, according to its terms or context, is intended to survive an assignment.

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

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

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

(a) the Owner shall fail to pay or cause to be paid in full any sum payable by the Owner when payment thereof shall be due hereunder (irrespective of the

provisions of Article 4 or 21 hereof or any other provision of this Agreement limiting the liability of the Owner) and such default shall continue for 10 days (or 30 days if clause (i) of the last paragraph of § 10 of the Lease is then applicable) after the date such payment is due and payable;

(b) the Owner or the Lessee shall, for more than 30 days after the Vendor shall have demanded in writing performance thereof, fail or refuse to comply with any other covenant, agreement, term or provision of this Agreement (irrespective of the provisions of Article 4 hereof or any other provision of this Agreement limiting the liability of the Owner), the Lease Assignment or any covenant, agreement, term or provision of the Participation Agreement made expressly for the benefit of the Vendor, on its part to be kept and performed or to make provision satisfactory to the Vendor for such compliance;

(c) any proceeding shall be commenced by or against the Owner for any relief which includes, or might result in, any modification of the obligations of the Owner hereunder under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustment of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the obligations of the Owner under this Agreement), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Owner under this Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Owner or for its property in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

(d) any Event of Default (as defined in the Lease) shall have occurred and be continuing;

then at any time after the occurrence of such an event of default the Vendor may, upon written notice to the Owner and the Lessee and upon compliance with any legal requirements then in force and applicable to such action by the Vendor, (i) cause the Lease immediately upon such notice to terminate (and the Owner acknowledges the right of the Vendor to terminate the Lease), but without affecting the indemnities which by the provisions of the Lease survive its or their termination and/or (ii) declare (hereinafter called a "Declaration of Default") the entire unpaid Conditional Sale Indebtedness, together with the interest thereon then accrued and unpaid, immediately due and payable, without further demand, and thereafter the aggregate of the unpaid balance of such indebtedness and interest shall bear interest from the date of such Declaration of Default at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after becoming due and payable, to the extent legally enforceable. Upon a Declaration of Default, the Vendor shall be entitled to recover judgment for the entire unpaid balance of the Conditional Sale Indebtedness so payable, with interest as aforesaid, and to collect such judgment out of any property of the Owner, subject to the provisions of Articles 4 and 21 hereof, wherever situated. The Owner shall promptly notify the Vendor of any event which has come to its attention which constitutes, or with the giving of notice and/or lapse of time would constitute, an event of default under this Agreement.

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

ARTICLE 16. Remedies. At any time during the continuance of a Declaration of Default, the Vendor may, and upon such further notice, if any, as may be required for

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

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

(a) forthwith and in the usual manner (including, but not by way of limitation, causing prompt telegraphic and written notice to be given to all railroads which may have possession of any unit or units of the Equipment to return the unit or units) cause the Equipment to be placed upon such storage tracks on the lines of the Lessee as the Vendor reasonably may designate;

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

(c) cause the Equipment to be transported to such interchange point or points with the lines of the Lessee as directed by the Vendor upon any sale, lease or other disposal of all or any of the Equipment.

During any storage period, the Owner will, at its own cost and expense, insure, maintain and keep each such unit in good order and repair and will permit the inspection of the Equipment by the Vendor, the Vendor's representatives and prospective purchasers, lessees and users. This agreement

to deliver the Equipment and furnish facilities as hereinbefore provided is of the essence of the agreement between the parties, and upon the application to any court of equity having jurisdiction in the premises, the Vendor shall be entitled to a decree of specific performance hereof. The Owner hereby expressly waives any and all claims against the Vendor and its agent or agents for damages of whatever nature in connection with any retaking of any unit of the Equipment in any reasonable manner.

At any time during the continuance of a Declaration of Default, the Vendor (after retaking possession of the Equipment as hereinbefore in this Article 16 provided) may, upon the notice and procedures as are hereinafter set forth, retain the Equipment in satisfaction of the entire Conditional Sale Indebtedness and make such disposition thereof as the Vendor shall deem fit. Written notice of the Vendor's election to retain the Equipment shall be given to the Owner and the Lessee by telegram or registered mail, addressed as provided in Article 20 hereof, and to any other persons to whom the law may require notice, within 30 days after such Declaration of Default. In the event that the Vendor shall elect to retain the Equipment and the Owner does not object thereto in writing as described in the second proviso below, all the Owner's rights in the Equipment shall thereupon terminate and all payments made by the Owner or for its account may be retained by the Vendor as compensation for the use of the Equipment and the Owner shall have no further rights or obligations hereunder; provided, however, that if the Owner, before the expiration of the 30-day period described in the proviso below, should pay or cause to be paid to the Vendor the total unpaid balance of the Conditional Sale Indebtedness, together with interest thereon accrued and unpaid and all other payments due under this Agreement, then in such event absolute right to the possession of, title to and property in the Equipment shall pass to and vest in the Owner; provided, further, that if the Owner, the Lessee or any other persons notified under the terms of this paragraph object in writing to the Vendor within 30 days from the receipt of notice of the Vendor's election to retain the Equipment, then the Vendor may not so retain the Equipment, but shall sell, lease or otherwise dispose of it or continue to hold it pending sale, lease or other disposition as hereinafter provided or as may otherwise be permitted by law. If the Vendor shall not have given notice to retain as hereinabove provided or notice of intention to dispose of the Equipment in any other manner, it shall be deemed to have

elected to sell the Equipment in accordance with the provisions of this Article 16.

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

Any sale hereunder may be held or conducted at New York, New York, at such time or times as the Vendor may specify (unless the Vendor shall specify a different place or places, in which case the sale shall be held at such place or places as the Vendor may specify), in one lot and as an entirety or in separate lots and without the necessity of gathering at the place of sale the property to be sold, and in general in such manner as the Vendor may determine, so long as such sale shall be conducted in a commercially reasonable manner. The Vendor and the Owner may bid for and become the purchaser of the Equipment, or any unit thereof, so offered for sale. The Owner and the Lessee shall be given written notice of such sale or the making of a contract for such sale not less than 30 days prior thereto, by telegram or registered mail addressed as provided in Article 20 hereof. If such sale shall be a private sale (which shall be deemed

to mean only a sale where an advertisement for bids has not been published in a newspaper of general circulation or a sale where less than 40 offerees have been solicited in writing to submit bids), it shall be subject to the rights of the Owner to purchase or provide a purchaser, within 15 days after notice of the proposed sale price, at the same price offered by the intending purchaser or a better price. In the event that the Vendor shall be the purchaser of the Equipment, it shall not be accountable to the Owner or the Lessee (except to the extent of surplus money received as hereinafter provided in this Article 16), and in payment of the purchase price therefor the Vendor shall be entitled to have credited on account thereof all or any part of sums due to the Vendor hereunder.

Each and every power and remedy hereby specifically given to the Vendor shall be in addition to every other power and remedy hereby specifically given or now or hereafter existing at law or in equity, and each and every power and remedy may be exercised from time to time and simultaneously and as often and in such order as may be deemed expedient by the Vendor except that the Vendor shall not be deemed to have the power or remedy to retain the Equipment in satisfaction of the Conditional Sale Indebtedness except as specifically provided in this Article 16. All such powers and remedies shall be cumulative, and the exercise of one shall not be deemed a waiver of the right to exercise any other or others. No delay or omission of the Vendor in the exercise of any such power or remedy and no renewal or extension of any payments due hereunder shall impair any such power or remedy or shall be construed to be a waiver of any default or an acquiescence therein. Any extension of time for payment hereunder or other indulgence duly granted to the Owner or the Lessee shall not otherwise alter or affect the Vendor's rights or the Owner's obligations hereunder. The Vendor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect the Owner's obligations or the Vendor's rights hereunder with respect to any subsequent payments or default therein.

If, after applying all sums of money realized by the Vendor under the remedies herein provided, there shall remain any amount due to it under the provisions of this Agreement, the Owner shall, subject to the limitations of the last paragraph of Article 4 and Article 21 hereof, pay the amount of such deficiency to the Vendor upon demand, together with interest thereon from the date of such demand to the date of payment at the rate per annum specified in Article 4 hereof as being applicable to amounts remaining unpaid after

becoming due and payable, and, if the Owner shall fail to pay such deficiency, the Vendor may bring suit therefor and shall, subject to the limitations of the last paragraph of Article 4 hereof, be entitled to recover a judgment therefor against the Owner. If, after applying as aforesaid all sums realized by the Vendor, there shall remain a surplus in the possession of the Vendor, such surplus shall be paid to the Owner.

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

The foregoing provisions of this Article 16 are subject in all respects to all mandatory legal requirements at the time in force and applicable thereto.

ARTICLE 17. Applicable State Laws. Any provision of this Agreement prohibited by any applicable law of any jurisdiction shall as to such jurisdiction be ineffective, without modifying the remaining provisions of this Agreement. Where, however, the conflicting provisions of any such applicable law may be waived, they are hereby waived by the Owner to the full extent permitted by law, it being the intention of the parties hereto that this Agreement shall be deemed to be a conditional sale and enforced as such.

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

ARTICLE 18. Recording. The Owner will, (a) promptly after the execution and delivery of this Agreement,

any assignments hereof, the Lease, the Lease Assignment and each supplement hereto and thereto, respectively, cause this Agreement, any assignments hereof, the Lease, the Lease Assignment and each such supplement to be duly filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303; and deposited with the Registrar General of Canada (notice of such deposit to be forthwith given in The Canada Gazette) pursuant to Section 86 of the Railway Act of Canada; and from time to time do and perform any other act and execute, acknowledge, deliver and file, register and record any and all further instruments required by law or reasonably requested by the Vendor for the purposes of proper protection of the security interest of the Vendor.

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

This Agreement, including the Annexes hereto, exclusively and completely states the rights of the Vendor and the Owner with respect to the Equipment and supersedes all other agreements, oral or written, with respect to the Equipment. No variation or modification of this Agreement and no waiver of any of its provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of the Vendor and the Owner.

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

(a) to the Owner, at 295 Madison Avenue, New York, N. Y. 10017, Attention of Stephen Goldsmith, with a copy to Benjamin D. Fein, Esq., Messrs. Rosenman Colin Freund Lewis & Cohen, 575 Madison Avenue, New York, N. Y. 10022,

(b) to First Security Bank of Utah, N.A., as the Assignee or as the Vendor, at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, Attention of Trust Division, Corporate Trust Department,

(c) to PACCAR, Inc., at its address specified in Item 1 of Annex A hereto,

(d) to the Lessee at Iron Horse Park, North Billerica, Massachusetts 01862, Attention of Manager, Equipment and Service,

(e) to any assignee of the Vendor, or of the Owner, at such address as may have been furnished in writing to the Owner, or the Vendor, as the case may be, and to the Lessee, by such assignee,

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

ARTICLE 21. Satisfaction of Undertakings. The obligations of the Owner under the second and eighth paragraphs of Article 16 and under Articles 3, 6, 7, 8, 9, 10, 12 (other than the proviso to the last paragraph thereof) and 13 hereof shall be deemed in all respects satisfied by the Lessee's undertakings contained in the Lease as long as the Lease is in full force and effect. The Owner shall not have any responsibility for the Lessee's failure to perform such obligations, but if the same shall not be performed or cured as permitted hereby they shall constitute the basis for an event of default hereunder pursuant to Article 15 hereof. So long as any Conditional Sale Indebtedness remains outstanding, no waiver or amendment by the Owner of the Lessee's undertakings under the Lease shall be effective unless joined in by the Vendor.

ARTICLE 22. Law Governing. The terms of this Agreement and all rights and obligations hereunder shall be governed by the laws of the State of New York; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303 and Section 86 of the Railway Act of Canada, such additional rights, if any, arising out of the filing, recording or deposit hereof and of any assignment hereof as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof as shall be filed, recorded or deposited or in which any unit of Equipment shall be located, and such rights, if any, arising ot of the marking of Equipment.

ARTICLE 23. Execution. This Agreement may be executed in any number of counterparts, each of which so executed shall be deemed to be an original, and such counterparts together shall constitute but one and the same contract, which shall be sufficiently evidenced by any such original counterpart. Although this Agreement is dated, for

convenience, as of the date first set forth above, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

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

PACCAR, INC.,

by

_____
Vice President

[Corporate Seal]

Attest:

_____

ARLINGTON-INTEGRATED (RAIL), INC.,

by _____

[Corporate Seal]

Attest:

_____

STATE OF WASHINGTON,)
):ss:
COUNTY OF KING,)

On this day of 1979, before me personally appeared , to me personally known, who being by me duly sworn, says that he is a Vice President of PACCAR INC, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

My Commission expires

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

On this 10 day of June 1979, before me personally appeared STEPHEN GOLDSMITH, to me personally known, who, being by me duly sworn, says that he is VICE PRESIDENT of ARLINGTON-INTEGRATED (RAIL), INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Marilyn Deppen
Notary Public

MARILYN DEPPEN
Notary Public, State of New York
No. 31-4691585
Qualified in New York County
Commission Expires March 30, 1981

[Notarial Seal]

My Commission Expires

SCHEDULE I

Allocation Schedule of Each $1,000,000 of Conditional Sale Indebtedness

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
10/15/79	*	*	.00	1,000,000.00
11/15/79	12,350.00	10,000.00	2,350.00	997,650.00
12/15/79	12,350.00	9,976.50	2,373.50	995,276.50
1/15/80	12,350.00	9,952.76	2,397.24	992,879.26
2/15/80	12,350.00	9,928.79	2,421.21	990,458.05
3/15/80	12,350.00	9,904.58	2,445.42	988,012.63
4/15/80	12,350.00	9,880.13	2,469.87	985,542.76
5/15/80	12,350.00	9,855.43	2,494.57	983,048.19
6/15/80	12,350.00	9,830.48	2,519.52	980,528.67
7/15/80	12,350.00	9,805.29	2,544.71	977,983.96
8/15/80	12,350.00	9,779.84	2,570.16	975,413.80
9/15/80	12,350.00	9,754.14	2,595.86	972,817.94
10/15/80	12,350.00	9,728.18	2,621.82	970,196.12
11/15/80	12,350.00	9,701.96	2,648.04	967,548.08
12/15/80	12,350.00	9,675.48	2,674.52	964,873.56
1/15/81	12,350.00	9,648.74	2,701.26	962,172.30
2/15/81	12,350.00	9,621.72	2,728.28	959,444.02
3/15/81	12,350.00	9,594.44	2,755.56	956,688.46
4/15/81	12,350.00	9,566.88	2,783.12	953,905.34
5/15/81	12,350.00	9,539.05	2,810.95	951,094.39
6/15/81	12,350.00	9,510.94	2,839.06	948,255.33
7/15/81	12,350.00	9,482.55	2,867.45	945,387.88
8/15/81	12,350.00	9,453.88	2,896.12	942,491.76
9/15/81	12,350.00	9,424.92	2,925.08	939,566.68
10/15/81	12,350.00	9,395.67	2,954.33	936,612.35
11/15/81	12,350.00	9,366.12	2,983.88	933,628.47
12/15/81	12,350.00	9,336.28	3,013.72	930,614.75
1/15/82	12,350.00	9,306.15	3,043.85	927,570.90
2/15/82	12,350.00	9,275.71	3,074.29	924,496.61
3/15/82	12,350.00	9,244.97	3,105.03	921,391.58
4/15/82	12,350.00	9,213.92	3,136.08	918,255.50
5/15/82	12,350.00	9,182.55	3,167.45	915,088.05
6/15/82	12,350.00	9,150.88	3,199.12	911,888.93
7/15/82	12,350.00	9,118.89	3,231.11	908,657.82
8/15/82	12,350.00	9,086.58	3,263.42	905,394.40
9/15/82	12,350.00	9,053.94	3,296.06	902,098.34
10/15/82	12,350.00	9,020.98	3,329.02	898,769.32
11/15/82	12,350.00	8,987.69	3,362.31	895,407.01
12/15/82	12,350.00	8,954.07	3,395.93	892,011.08

* Interest only shall be paid to the extent accrued on this date.

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
1/15/83	12,350.00	8,920.11	3,429.89	888,581.19
2/15/83	12,350.00	8,885.81	3,464.19	885,117.00
3/15/83	12,350.00	8,851.17	3,498.83	881,618.17
4/15/83	12,350.00	8,816.18	3,533.82	878,084.35
5/15/83	12,350.00	8,780.84	3,569.16	874,515.19
6/15/83	12,350.00	8,745.15	3,604.85	870,910.34
7/15/83	12,350.00	8,709.10	3,640.90	867,269.44
8/15/83	12,350.00	8,672.69	3,677.31	863,592.13
9/15/83	12,350.00	8,635.92	3,714.08	859,878.05
10/15/83	12,350.00	8,598.78	3,751.22	856,126.83
11/15/83	12,350.00	8,561.27	3,788.73	852,338.10
12/15/83	12,350.00	8,523.38	3,826.62	848,511.48
1/15/84	12,350.00	8,485.11	3,864.89	844,646.59
2/15/84	12,350.00	8,446.47	3,903.53	840,743.06
3/15/84	12,350.00	8,407.43	3,942.57	836,800.49
4/15/84	12,350.00	8,368.00	3,982.00	832,818.49
5/15/84	12,350.00	8,328.18	4,021.82	828,796.67
6/15/84	12,350.00	8,287.97	4,062.03	824,734.64
7/15/84	12,350.00	8,247.35	4,102.65	820,631.99
8/15/84	12,350.00	8,206.32	4,143.68	816,488.31
9/15/84	12,350.00	8,164.88	4,185.12	812,303.19
10/15/84	12,350.00	8,123.03	4,226.97	808,076.22
11/15/84	12,350.00	8,080.76	4,269.24	803,806.98
12/15/84	12,350.00	8,038.07	4,311.93	799,495.05
1/15/85	12,350.00	7,994.95	4,355.05	795,140.00
2/15/85	12,350.00	7,951.40	4,398.60	790,741.40
3/15/85	12,350.00	7,907.41	4,442.59	786,298.81
4/15/85	12,350.00	7,862.99	4,487.01	781,811.80
5/15/85	12,350.00	7,818.12	4,531.88	777,279.92
6/15/85	12,350.00	7,772.80	4,577.20	772,702.72
7/15/85	12,350.00	7,727.03	4,622.97	768,079.75
8/15/85	12,350.00	7,680.80	4,669.20	763,410.55
9/15/85	12,350.00	7,634.11	4,715.89	758,694.66
10/15/85	12,350.00	7,586.95	4,763.05	753,931.61
11/15/85	12,350.00	7,539.32	4,810.68	749,120.93
12/15/85	12,350.00	7,491.21	4,858.79	744,262.14
1/15/86	12,350.00	7,442.62	4,907.38	739,354.76
2/15/86	12,350.00	7,393.55	4,956.45	734,398.31
3/15/86	12,350.00	7,343.98	5,006.02	729,392.29
4/15/86	12,350.00	7,293.92	5,056.08	724,336.21
5/15/86	12,350.00	7,243.36	5,106.64	719,229.57
6/15/86	12,350.00	7,192.30	5,157.70	714,071.87
7/15/86	12,350.00	7,140.72	5,209.28	708,862.59
8/15/86	12,350.00	7,088.63	5,261.37	703,601.22

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
9/15/86	12,350.00	7,036.01	5,313.99	698,287.23
10/15/86	12,350.00	6,982.87	5,367.13	692,920.10
11/15/86	12,350.00	6,929.20	5,420.80	687,499.30
12/15/86	12,350.00	6,874.99	5,475.01	682,024.29
1/15/87	12,350.00	6,820.24	5,529.76	676,494.53
2/15/87	12,350.00	6,764.95	5,585.05	670,909.48
3/15/87	12,350.00	6,709.09	5,640.91	665,268.57
4/15/87	12,350.00	6,652.69	5,697.31	659,571.26
5/15/87	12,350.00	6,595.71	5,754.29	653,816.97
6/15/87	12,350.00	6,538.17	5,811.83	648,005.14
7/15/87	12,350.00	6,480.05	5,869.95	642,135.19
8/15/87	12,350.00	6,421.35	5,928.65	636,206.54
9/15/87	12,350.00	6,362.07	5,987.93	630,218.61
10/15/87	12,350.00	6,302.19	6,047.81	624,170.80
11/15/87	12,350.00	6,241.71	6,108.29	618,062.51
12/15/87	12,350.00	6,180.62	6,169.38	611,893.13
1/15/88	12,350.00	6,118.93	6,231.07	605,662.06
2/15/88	12,350.00	6,056.62	6,293.38	599,368.68
3/15/88	12,350.00	5,993.69	6,356.31	593,012.37
4/15/88	12,350.00	5,930.12	6,419.88	586,592.49
5/15/88	12,350.00	5,865.92	6,484.08	580,108.41
6/15/88	12,350.00	5,801.08	6,548.92	573,559.49
7/15/88	12,350.00	5,735.59	6,614.41	566,945.08
8/15/88	12,350.00	5,669.45	6,680.55	560,264.53
9/15/88	12,350.00	5,602.65	6,747.35	553,517.18
10/15/88	12,350.00	5,535.17	6,814.83	546,702.35
11/15/88	12,350.00	5,467.02	6,882.98	539,819.37
12/15/88	12,350.00	5,398.19	6,951.81	532,867.56
1/15/89	12,350.00	5,328.68	7,021.32	525,846.24
2/15/89	12,350.00	5,258.46	7,091.54	518,754.70
3/15/89	12,350.00	5,187.55	7,162.45	511,592.25
4/15/89	12,350.00	5,115.92	7,234.08	504,358.17
5/15/89	12,350.00	5,043.58	7,306.42	497,051.75
6/15/89	12,350.00	4,970.52	7,379.48	489,672.27
7/15/89	12,350.00	4,896.72	7,453.28	482,218.99
8/15/89	12,350.00	4,822.19	7,527.81	474,691.18
9/15/89	12,350.00	4,746.91	7,603.09	467,088.09
10/15/89	12,350.00	4,670.88	7,679.12	459,408.97
11/15/89	12,350.00	4,594.09	7,755.91	451,653.06
12/15/89	12,350.00	4,516.53	7,833.47	443,819.59
1/15/90	12,350.00	4,438.20	7,911.80	435,907.79
2/15/90	12,350.00	4,359.08	7,990.92	427,916.87
3/15/90	12,350.00	4,279.17	8,070.83	419,846.04
4/15/90	12,350.00	4,198.46	8,151.54	411,694.50

Date	Debt Service	Debt Interest	Debt Principal	Debt Balance
5/15/90	12,350.00	4,116.94	8,233.06	403,461.44
6/15/90	12,350.00	4,034.61	8,315.39	395,146.05
7/15/90	12,350.00	3,951.46	8,398.54	386,747.51
8/15/90	12,350.00	3,867.48	8,482.52	378,264.99
9/15/90	12,350.00	3,782.65	8,567.35	369,697.64
10/15/90	12,350.00	3,696.98	8,653.02	361,044.62
11/15/90	12,350.00	3,610.45	8,739.55	352,305.07
12/15/90	12,350.00	3,523.05	8,826.95	343,478.12
1/15/91	12,350.00	3,434.78	8,915.22	334,562.90
2/15/91	12,350.00	3,345.63	9,004.37	325,558.53
3/15/91	12,350.00	3,255.59	9,094.41	316,464.12
4/15/91	12,350.00	3,164.64	9,185.36	307,278.76
5/15/91	12,350.00	3,072.79	9,277.21	298,001.55
6/15/91	12,350.00	2,980.02	9,369.98	288,631.57
7/15/91	12,350.00	2,886.32	9,463.68	279,167.89
8/15/91	12,350.00	2,791.68	9,558.32	269,609.57
9/15/91	12,350.00	2,696.10	9,653.90	259,955.67
10/15/91	12,350.00	2,599.56	9,750.44	250,205.23
11/15/91	12,350.00	2,502.05	9,847.95	240,357.28
12/15/91	12,350.00	2,403.57	9,946.43	230,410.85
1/15/92	12,350.00	2,304.11	10,045.89	220,364.96
2/15/92	12,350.00	2,203.65	10,146.35	210,218.61
3/15/92	12,350.00	2,102.19	10,247.81	199,970.80
4/15/92	12,350.00	1,999.71	10,350.29	189,620.51
5/15/92	12,350.00	1,896.21	10,453.79	179,166.72
6/15/92	12,350.00	1,791.67	10,558.33	168,608.39
7/15/92	12,350.00	1,686.08	10,663.92	157,944.47
8/15/92	12,350.00	1,579.44	10,770.56	147,173.91
9/15/92	12,350.00	1,471.74	10,878.26	136,295.65
10/15/92	12,350.00	1,362.96	10,987.04	125,308.61
11/15/92	12,350.00	1,253.09	11,096.91	114,211.70
12/15/92	12,350.00	1,142.12	11,207.88	103,003.82
1/15/93	12,350.00	1,030.04	11,319.96	91,683.86
2/15/93	12,350.00	916.84	11,433.16	80,250.70
3/15/93	12,350.00	802.51	11,547.49	68,703.21
4/15/93	12,350.00	687.03	11,662.97	57,040.24
5/15/93	12,350.00	570.40	11,779.60	45,260.64
6/15/93	12,350.00	452.61	11,897.39	33,363.25
7/15/93	12,350.00	333.63	12,016.37	21,346.88
8/15/93	12,350.00	213.47	12,136.53	9,210.35
9/15/93	9,302.45	92.10	9,210.35	.00
TOTAL	2,059,402.45	1,059,402,45	1,000,000.00	

ANNEX A
to
Conditional Sale Agreement

Item 1: PACCAR, Inc., 1400 North 4th Street, Renton, Washington 98055, Attention of Monica J. Stover, Contract Administration, with a copy to the PACCAR General Counsel, P. O. Box 1518, Bellevue, Washington 98009.

Item 2: The Equipment shall be settled for in not more than two Groups.

Item 3: (a) The Builder warrants to the Owner that the units of the Equipment will be built in accordance with the Specifications and with the other requirements, specifications and standards set forth or referred to in Article 2 of the Conditional Sale Agreement (the "Agreement") and warrants that its Equipment will be free from defects in material (except as to specialties incorporated therein which were specified or supplied by the Lessee and not manufactured by the Builder) and workmanship or design (except as to designs specified by the Lessee and not developed or purported to be developed by the Builder) under normal use and service; the Builder's obligation under this paragraph being limited to making good at its plant (or at the option of the Builder at a place designated by the Builder and agreed upon by the Lessee) any part or parts of any unit of Equipment which shall be returned to the Builder within two years after delivery of such unit, or as to which written notice of such defect has been given by the Lessee to the Builder within two years after delivery of such unit and which part or parts are returned within 90 days after such notice to the Builder, provided that the Builder's examination shall disclose to its reasonable satisfaction such part or parts to have been thus defective. THIS WARRANTY IS EXPRESSLY IN LIEU OF ALL OTHER WARRANTIES, EXPRESS OR IMPLIED, INCLUDING ANY IMPLIED WARRANTY OF MERCHANTABILITY OR FITNESS FOR A PARTICULAR PURPOSE, AND OF ALL OTHER OBLIGATIONS OR LIABILITIES ON THE PART OF THE BUILDER, EXCEPT FOR ITS OBLIGATIONS UNDER ARTICLES 2, 3, 4 AND 13 OF THE AGREEMENT AND THIS ANNEX A. The Builder neither assumes nor authorizes any person to assume for it any other liability in connection with the

construction and delivery of its Equipment, except for the patent indemnification in Item 3(b) below and as aforesaid. The rights of the Owner under the foregoing warranty shall be its sole and exclusive remedy and Builder will have no liability for lost profits or for incidental, consequential or commercial losses.

The Builder further agrees that neither the inspection as provided in Article 3 of the Agreement, nor any examination or acceptance of any units of its Equipment as provided in said Article 3, shall be deemed a waiver or modification by the Lessee of any of its rights under this Item 3(a) or Item 3(b) below.

It is further understood and agreed that the word "design(s)" as used herein or in Item 3(b) below and the word "specialties" as used herein shall be deemed to include articles, materials, systems, formulae and processes.

The Owner agrees with the Builder that, so long as there has been no termination of the Lease or event of default thereunder, the obligations of the Builder to the Owner under the foregoing warranty shall be deemed satisfied if the performance of said obligations by the Builder is satisfactory to the Lessee.

(b) Except in case of designs, processes or combinations specified by the Lessee and not developed or purported to be developed by the Builder, and articles and materials specified by the Lessee and not manufactured by the Builder, the Builder agrees to indemnify, protect and hold harmless the Lessee and the Owner from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Lessee or the Owner because of the use in or about the construction or operation of its Equipment, or any unit thereof, of any design, process, combination, article or material infringing or claimed to infringe on any patent or other right. The Lessee, as a condition to its being a third-party bene-

ficiary of the Agreement, likewise will indemnify, protect and hold harmless the Builder from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Builder because of the use in or about the construction or operation of its Equipment, or any unit thereof, of any design, process or combination specified by the Lessee and not developed or purported to be developed by the Builder, or article or material specified by the Lessee and not manufactured by the Builder, which infringes or is claimed to infringe on any patent or other right. The Builder agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to the Lessee every claim, right and cause of action which the Builder has or hereafter shall have against the originator or seller or sellers of any design, process, combination, article or material specified by the Lessee and used by the Builder in or about the construction or operation of its Equipment, or any unit thereof, on the ground that any such design, process, combination, article or material or operation thereof infringes or is claimed to infringe on any patent or other right, and the Builder further agrees to execute and deliver to the Lessee all and every such further assurances as may be reasonably requested by them more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. The Lessee, as a condition to its being a third-party beneficiary of the Agreement, will give notice to the Builder of any claim known to the Lessee on the basis of which liability may be charged against the Builder hereunder and the Builder will give notice to the Lessee of any claim known to the Builder, as the case may be, on the basis of which liability may be charged against the Lessee hereunder.

Item 4: The Maximum Purchase Price referred to in Article 4 of the Agreement is $8,400,000 plus 100/80 of the amount, if any, by which the Investors' commitments are increased pursuant to Paragraph 2 of the Participation Agreement.

Item 5: The Maximum Conditional Sale Indebtedness referred to in Article 4 of the Agreement is $6,750,000 plus the amount, if any, by which the Investors' commitments are increased pursuant to Paragraph 2 of the Participation Agreement.

Annex C
to
Conditional Sale Agreement

LEASE OF RAILROAD EQUIPMENT

Dated as of August 1, 1979

between

ROBERT W. MESERVE and BENJAMIN H. LACY,
Trustees of the Property of Boston
and Maine Corporation, Debtor,

Lessee

and

ARLINGTON-INTEGRATED (RAIL), INC.,

Lessor

TABLE OF CONTENTS

		Page
PREAMBLE		L-1
§ 1.	Net Lease	L-1
§ 2.	Delivery and Acceptance of Units	L-2
§ 3.	Rentals	L-3
§ 4.	Term of Lease	L-3
§ 5.	Identification Marks	L-4
§ 6.	Taxes	L-5
§ 7.	Payment for Casualty Occurrences; Insurance	L-6
§ 8.	Reports	L-8
§ 9.	Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification	L-8
§ 10.	Default	L-12
§ 11.	Return of Units Upon Default	L-18
§ 12.	Assignment; Possession and Use	L-19
§ 13.	Right of First Refusal	L-21
§ 14.	Return of Units upon Expiration of Term	L-22
§ 15.	Recording	L-23
§ 16.	Conditions	L-23
§ 17.	Lessor's Right To Perform for the Lessee	L-24
§ 18.	Interest on Overdue Rentals	L-24
§ 19.	Representations and Warranties of the Lessee	L-24

Page

§ 20. Reports L-26

§ 21. Necessary Costs and Expenses of Administration L-27

§ 22. Notices L-28

§ 23. Severability; Effect and Modification of Lease; Survival L-29

§ 24. Execution L-29

§ 25. Incorporation of Tax Indemnity Agreement L-29

§ 26. Law Governing L-30

TESTIMONIUM L-30

SIGNATURES L-30

ACKNOWLEDGMENTS L-31

SCHEDULE A L-32

SCHEDULE B L-33

LEASE OF RAILROAD EQUIPMENT dated as of August 1, 1979, between ROBERT W. MESERVE AND BENJAMIN H. LACY, TRUSTEES OF THE PROPERTY OF BOSTON AND MAINE CORPORATION, DEBTOR (such Trustees being hereinafter called the "Lessee" and such corporation being hereinafter called the "Debtor"), and ARLINGTON-INTEGRATED (RAIL), INC., a Delaware corporation (the "Lessor").

On March 12, 1970, a petition was filed for the reorganization of the Debtor under Section 77 of the Bankruptcy Act in the United States District Court for the District of Massachusetts (the "Court") and such petition was duly approved as properly filed by the Court (the proceedings with respect thereto being hereinafter called the "Reorganization Proceedings") and Robert W. Meserve and Benjamin H. Lacy were duly qualified as Trustees of the property of the Debtor on May 18, 1970 and on August 3, 1973, respectively.

The Lessor has entered or will enter into a conditional sale agreement (the "Security Document") with PACCAR, Inc. (the "Builder"), pursuant to which the Lessor has agreed or will agree to purchase and take delivery of the railroad equipment described in Schedule A hereto (the "Equipment").

To induce Lessor to purchase the Equipment the Lessee agrees (i) to lease from the Lessor all units of the Equipment as are delivered and accepted and settled for as shall be described in one or more certificates of acceptance in the form provided by Lessor (a "Certificate of Acceptance") at the rentals and for the term and upon the conditions hereinafter provided (each such unit so leased being hereinafter called a "Unit") and (ii) to indemnify the Lessor for certain tax losses should they occur pursuant to a Tax Indemnity Agreement dated as of the date hereof (the "Indemnity Agreement").

NOW, THEREFORE, in consideration of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby agrees to lease the Units to the Lessee upon the following terms and conditions:

§ 1. Net Lease. This Lease is a net lease. The Lessee's obligation to pay all rentals and other amounts

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

§ 2. Delivery and Acceptance of Units. The Lessor hereby appoints the Lessee its agent for inspection and acceptance of the Units. Each delivery of a Unit to the Lessor under the Security Document shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the Security Document. Upon delivery of a Unit, the Lessee will cause an employee or

agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Lessor from the Builder and itself hereunder and to execute and deliver to the Lessor a Certificate of Acceptance stating that such Unit has been inspected and accepted on behalf of the Lessee and the Lessor on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The inspection and approval and the delivery, inspection and acceptance hereunder of any unit of Equipment not purchased by the Lessor pursuant to the Security Document shall be null and void and ineffective to subject such Unit to this Lease. The Lessee hereby represents and warrants to the Lessor that no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee or its agent as agent for the Lessor hereunder.

§ 3. Rentals. With respect to each Unit subject to this Lease, the Lessee will pay to the Lessor as (i) basic rentals 180 consecutive monthly payments, payable on the 15th day of the month in advance, commencing October 15, 1979, and (ii) interim rental one payment on October 15, 1979. Each monthly basic rental payment shall be in an amount equal to 1.0% of the Purchase Price (defined to be the amount set forth in a Builder's invoice with respect to such Unit and approved by the Lessee) of each Unit subject to this Lease on the date of such payment. The interim rental payment shall be in an amount equal to the product of the Purchase Price of each Unit subject to this Lease on the date of payment multiplied by 0.0334% for each day elapsed from and including the date the Builder is paid the Purchase Price with respect to such Unit under the Security Document (the "Closing Date") for such Unit to, but excluding, October 15, 1979.

If any of the monthly rental payment dates referred to above is not a business day in Boston, Massachusetts, the monthly rental payment otherwise payable on such date shall then be payable on the next succeeding business day.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on October 15, 1994.

§ 5. Identification Marks. The Lessee will cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Lessor's title to and interest in such Unit and the rights of the Lessor under this Lease. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and, at its expense, will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Lessor and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Lessor an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Lessor's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Lessor in such Units.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on any Unit as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may permit the Equipment to be lettered with the names, trademarks, initials or other insignias customarily used by the Lessee or its affiliates, on railroad equipment used by them of the same or a similar type for convenience of identification of their respective rights to use the Equipment.

§ 6. Taxes. The Lessee agrees to pay or cause to be paid promptly, and on written demand to indemnify and hold the Lessor harmless from, all income, gross receipts, franchise, sales, use, property, ad valorem, value added, leasing, leasing use, stamp, excise or other taxes, assessments, fees and charges of any nature whatsoever, together with any penalties, fines, additions to tax or interest thereon, howsoever imposed, whether levied or imposed upon the Lessor, the Lessee or any Unit by any Federal, state or local government or governmental subdivision in the United States or by any foreign country or subdivision thereof, upon or with respect to the manufacture, purchase, ownership, delivery, leasing, possession, use, operation, transfer of title, return or other disposition thereof; the rentals, receipts or earnings arising therefrom; this Lease or the transactions contemplated by this Lease (all such taxes, assessments, fees, charges, penalties, fines, additions to tax and interest imposed as aforesaid being hereinafter called "Taxes"); excluding, however: Taxes of the United States or of any state or local government or governmental subdivision or authority thereof imposed on or measured solely by the net income or excess profits of the party entitled to indemnification, other than Taxes arising out of or imposed in respect of the receipt of indemnification payments pursuant to this Lease; provided, however, that the Lessee shall not be required to pay any Taxes during the period it may be contesting or causing to be contested the same in good faith and by appropriate proceedings if counsel for the Lessor shall have determined that the nonpayment thereof or the contest thereof in such proceedings does not, in the opinion of such counsel, adversely affect the title, property or rights of the Lessor.

The amount which the Lessee shall be required as reasonably determined by the indemnified party to pay with respect to any Taxes indemnified against pursuant to this § 6, shall be an amount sufficient to restore the indemnified party to the same after-tax position such indemnified party would have been in had such Taxes not been imposed.

In case any report or return is required to be made with respect to any obligation of the Lessee under this § 6 or arising out of this § 6, the Lessee shall either make or cause to be made such report or return in such manner as will show the interests of the Lessor in the Units, or shall promptly notify or cause to be notified the Lessor of such requirement and shall make or cause to be made, at its own expense, such report or return in such manner as shall be satisfactory to the Lessor.

The Lessee shall furnish or cause to be furnished promptly, upon request, such information and data as are normally available to the Lessee and which the Lessor reasonably may require to permit compliance with the requirements of any taxing authorities.

§ 7. Payment for Casualty Occurrences; Insurance. In the event that any Unit shall be or become lost, stolen, destroyed, irreparably damaged, or permanently rendered unfit for use from any cause whatsoever, or taken or requisitioned by condemnation or otherwise resulting in loss of possession by the Lessee for a period of 90 consecutive days, except requisition for use by the United States Government for a period not in excess of the then remaining term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence"), during the term of this Lease, or until such Unit shall have been returned in the manner provided in § 11 or 14 hereof, the Lessee shall promptly and fully notify or cause to be notified the Lessor with respect thereto. On the rental payment date next succeeding the delivery of such notice (or, in the event such rental payment date will occur within 15 days after delivery of notice, on the following rental payment date), the Lessee shall pay or cause to be paid to the Lessor an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value of such Unit as of such Casualty Occurence (the "Calculation Date"). Upon the making of such payment by or on behalf of the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue as of the date of such payment, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit.

The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, before or after the expiration of this Lease, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor and no Event of Default hereunder, or event which with notice or lapse of time or both would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled to retain the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor. If any such Event of Default or event

has occurred and is continuing, the Lessee shall promptly pay all such proceeds to the Lessor.

The Casualty Value of each Unit as of the Calculation Date for each such Unit shall be that percentage of the Purchase Price of each Unit as is set forth in Item I of Schedule B hereto opposite such date. The aforesaid percentages have been computed without regard to recapture of the Investment Credit pursuant to section 38 of the Code. Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence during the period preceding the third, fifth or seventh anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth in Item II of Schedule B hereto and such additional amounts, if any, shall be included within the meaning of the term "Casualty Value" as used herein.

In the event of the requisition for use of any Unit during the term of this Lease or any renewal thereof, unless such requisition shall constitute a Casualty Occurrence, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred. All payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit during the term of this Lease shall be paid over to, or retained by, the Lessee provided no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing; and all payments received by the Lessor or the Lessee from the requisitioning authority for the use of such Unit after the term of this Lease, shall be paid over to, or retained by, the Lessor.

As between the Lessee and Lessor, the Lessee will bear the responsibility for and risk of damage to or destruction or loss of any Unit. Except as hereinabove in this § 7 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the risk of, any Casualty Occurrence to any Unit from and after delivery and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor in accordance with the terms of this Lease (including the storage period provided under §§ 11 and 14 hereof), maintain or cause to be maintained, at its own expense, public liability, property and casualty insurance in respect of the Units at the time

subject hereto, at least in amounts and against risks customarily insured against by railroad companies on similar equipment owned by them and in amounts and against risks customarily insured against by the Lessee on similar equipment owned by it. The proceeds of such insurance shall be payable to the Lessor and the Lessee as their respective interests may appear.

The Lessee shall obtain from each insurer under the paragraph immediately above an agreement, by endorsement or separate instrument, that such insurer will give the Lessor 30 days' written notice before such insurer's policy shall be materially altered or canceled or not renewed. On or prior to the delivery and acceptance of any Unit hereunder, and in January of each year, the Lessee shall, to the extent applicable under the next preceding paragraph, deliver to the Lessor a certificate of insurance by or on behalf of each insurer stating the coverage, named insureds and limits of each such policy.

§ 8. Reports. On or before April 1 in each year, commencing with the calendar year 1980, the Lessee will furnish or cause to be furnished to the Lessor an accurate statement (a) setting forth as at the preceding December 31 the amount, description and numbers of all Units then leased hereunder, the amount, description and numbers of all Units that have suffered a Casualty Occurrence during the preceding calendar year or, in the case of the first such statement, since the date of this Lease (specifying the dates of such Casualty Occurrences) or to the knowledge of the Lessee are then undergoing repairs (other than running repairs) or are then withdrawn from use pending repairs (other than running repairs) and such other information regarding the condition and state of repair of the Units as the Lessor may reasonably request and when so specifically requested by the Lessor, such report with regard to repairs shall be made by the chief mechanical officer of the Lessee and (b) stating that, in the case of all Units repainted or repaired during the period covered by such statement, the numbers and the markings required by § 5 hereof have been preserved or replaced. The Lessor shall have the right by its agents to inspect the Units and the Lessee's and its agent's records with respect thereto at such reasonable times as the Lessor may request during the continuance of this Lease.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. THE LESSOR DOES NOT MAKE, HAS NOT MADE AND SHALL NOT BE DEEMED TO MAKE

OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR DOES NOT MAKE ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that the Units described therein are in all the foregoing respects satisfactory to the Lessee; and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all the laws of the jurisdiction in which its operations involving the Unit may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the United States Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any

power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units and in the event that such laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will fully conform therewith at no expense to the Lessor; provided, however, that the Lessee may upon written notice to the Lessor, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Lessor, adversely affect the property or rights of the Lessor under this Lease.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority solely by reason of the ownership by the Lessor of the Units or the leasing thereof to the Lessee and to supply any information which the Lessor reasonably requests to enable it to prepare any other reports.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an Addition thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted. Such maintenance shall include the performance of any overhauls required pursuant to standard and prudent railroad requirements (including, but not limited to, the interchange rules of the Association of American Railroads).

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit) (hereinafter collectively called "Additions") to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorporated in or installed as part of the Units shall without

further act vest in the Lessor in the following cases: (i) such Part is in replacement of or in substitution for, and not in addition to, any Part originally incorporated in or installed as part of a Unit at the time of the acceptance thereof hereunder or any Part in replacement of, or in substitution for, any such original Part, (ii) such Part is required to be incorporated in or installed as part of the Units pursuant to the terms of the second or third paragraph of this § 9 or (iii) notwithstanding the provisions of the fourth paragraph of this § 9, such Part cannot be readily removed from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which such Unit shall have had at such time had such alteration or addition not occurred. In all other cases, if no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, title to Parts incorporated in or installed as parts of the Units as a result of such alterations or additions shall vest in the Lessee. The term Part for the purposes of this paragraph and § 14 hereof shall be defined to include any appliance, part, instrument, accessory, furnishing or other equipment of any nature which may from time to time be incorporated in or installed as part of any Unit.

The Lessee shall pay or cause to be paid, and shall protect, indemnify and hold the Lessor harmless from and against any and all causes of action, suits, penalties, claims, demands, judgments, losses, liabilities, costs, charges and expenses of any nature whatsoever which may be imposed on, incurred by or asserted against the Lessor (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including, without limitation reasonable attorneys' fees and expenses of any Indemnified Person) relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including, without limitation, those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any Unit or portion thereof; (ii) any claims based on strict liability in tort or imposed by statute; or (iii) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or

of any other equipment in connection with the Units; excluding, however, any matter resulting from an act or omission of the Lessor which would constitute the wilful misconduct or gross negligence of the Lessor. The Lessee and the Lessor each agrees to give the other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against.

The Lessee further agrees to indemnify, protect and hold harmless the Lessor and the Builder, as a third party beneficiary hereof, from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against any of them because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder.

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

(A) payment of any part of the rental provided in § 3 hereof, payment in respect of any Casualty Occurrence pursuant to § 7 hereof or payment due under the Indemnity Agreement shall not be made by or on behalf of the Lessee, and such failure to make payment shall continue for 5 business days after such payment is due; or

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

(C) default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in any document or certificate executed by the Lessee in connection herewith and such default shall continue for 30 days after written notice from

the Lessor to the Lessee specifying the default and demanding that the same be remedied; or

(D) any representation or warranty made by the Lessee herein or in any certificate or statement furnished to the Lessor pursuant to or in connection with any such agreement proves untrue in any material respect as of the date of issuance or making thereof; or

(E) a decree or order is entered in the Reorganization Proceedings or otherwise preventing or disabling the Lessee from performing any of its obligations under this Lease; or

(F) if the obligations of the Lessee hereunder are assumed by a corporation or by the Debtor's successor pursuant to a plan of reorganization for the Debtor approved in the Reorganization Proceedings (such corporation or successor being hereinafter called the "Successor") and either

(i) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as such Section 77 may hereafter be amended, or under any other provision of Title 11 of the United States Code, as now constituted or as hereafter amended, shall be filed by or against the Successor and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the assumed obligations of the Successor under this Lease and under the Tax Indemnity Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by or on behalf of a trustee or trustees or other similar officer appointed (whether or not subject to confirmation or ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees or officer, within 60 days after such petition shall have been filed; or

(ii) any proceedings shall be commenced by or against the Successor for any relief which includes, or might result in, any modification of the obli-

gations of the Successor under this Lease or under the Tax Indemnity Agreement under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extension (other than a law which does not permit any readjustments of the obligations of the Successor hereunder), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Successor under this Lease and under the Tax Indemnity Agreement shall not have been and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by or on behalf of a trustee or trustees or receiver or receivers or other similar officer appointed (whether or not subject to confirmation or ratification) for the Successor or for the property of the Successor in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers or officers, within 60 days after such proceedings shall have been commenced;

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

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

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction or for

any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify: (x) a sum with respect to each Unit which represents the excess of (1) the present value, at the time of such termination, of the entire unpaid balance of all rentals for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over (2) the then present value of the rentals which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of an 8% per annum discount, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, together with any damages and expenses, including reasonable attorneys' fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant, representation or warranty of this Lease other than for the payment of the rental; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value (after deduction of all estimated expenses of such sale) of such Unit at such time; provided, however, that in the event the Lessor shall have sold or leased any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale or leasing, as the case may be, as liquidated damages for loss of a bargain and not as a penalty (i) in the case of such a sale an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination, over the net

proceeds of such sale, and (ii) in the case of such a leasing, an amount equal to the excess, if any, of the present value of all rental for such Unit which would otherwise have accrued hereunder from the date of termination to the end of the term of this Lease as to such Unit over the sum of (I) the then present value of all rental for such Unit required under such new lease plus (II) the then present value of the rental (if any) which the Lessor reasonably estimates to be obtainable for the Unit during the period commencing on the termination of such new lease and ending on the date the term of this Lease would have terminated if it had not been terminated early due to default, each such present value to be computed in each case on the basis of an 8% per annum discount, compounded, in the case of rental which is estimated under clause II of this sentence, monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated and, in the case of rental under such new lease, periodically from the respective dates upon which such rental shall be payable thereunder.

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

The remedies in this Lease provided in favor of the Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify 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 to any offset against the rental payments due hereunder and agrees to make such rental payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

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

such contingencies or similar contingencies; and a waiver of any such right on one occasion shall not constitute a waiver of such right as to any other occasion and shall not be effective unless in writing signed by the Lessor.

The parties hereto acknowledge that the Debtor is a railroad subject to the Reorganization Proceedings and that notwithstanding any provision herein to the contrary,

(i) no termination of this Lease by reason of an Event of Default shall be final except after delivery of written notice from the Lessor or the Vendor to the Lessee of the event giving rise to the Event of Default and the continuance uncured of such Event of Default for 30 days;

(ii) the Lessee's interests under this Lease shall be deemed assigned to and its obligations under this Lease shall be deemed assumed by any Successor;

(iii) in the event the Reorganization Proceedings are dismissed under Section 77(g) of the Bankruptcy Act or otherwise and liquidation of the Debtor is instituted, the Lessee shall select one of the following options in order to fulfill its obligations under this Lease:

(a) the Trustees of the Debtor shall continue to perform this Lease in accordance with its terms and provisions;

(b) this Lease may be assigned and the obligation under the Lease assumed by a new lessee, with the consent of the Lessor and the Vendor which consent shall not be unreasonably withheld, and upon such assignment and assumption, the obligation of the Lessee hereunder shall terminate without further liability; or

(c) the Lessee may, upon payment of a sum equal to the next succeeding 12 installments of monthly basic rent cancel this Lease after the effective date of the order of liquidation of the Debtor, provided that the Lessee shall perform the obligations with respect to the Equipment required by the Lessee hereunder with respect thereto during such 12-month period. In the event

the Lessee shall provide a new lessee in accordance with the preceding subparagraph (iii)(b) during such 12-month period, the Lessee shall be relieved of the obligations of the remaining balance of such 12-month period upon the payment and performance by such new lessee of the obligations and payments required hereunder, and the Lessee shall be entitled to a credit in the amount thereof; provided, however, that the Lessee shall pay all costs of repainting, restenciling and transportation of the Units subject to this Lease to such new lessee; and provided, further, that the Lessee's obligation with respect to the return of the Equipment shall be as set forth in Section 11 hereof in the event the Lessee elects to proceed with the option set forth in this subparagraph (iii)(c).

§ 11. Return of Units Upon Default. If this Lease shall terminate pursuant to § 10 hereof, the Lessee shall forthwith deliver or cause to be delivered possession of the Units to the Lessor and shall give or cause to be given prompt telegraphic and written notice to the Association of American Railroads and all railroads having possession of any Unit so to return such Units. Each Unit returned to the Lessor pursuant to this § 11 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear and modifications, if any, permitted by this Lease excepted and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads or such comparable standards as may then be in effect. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own cost, expense and risk:

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Lessor on the lines of the Lessee and there assembled,

(b) furnish and arrange for the Lessor to store such Units on the lines of the Lessee until such Units have been sold, leased or otherwise disposed of by the Lessor, the Lessor agreeing to use its best efforts to sell, lease or otherwise dispose of the Units within one year, and

(c) cause the Units to be moved to such interchange point or points with the lines of the Lessee as

shall be designated by the Lessor upon any sale, lease or other disposal of all or any of the Units.

During any storage period the Lessee will permit the Lessor or any persons designated by it to inspect the Units. The assembling, delivery, storage, maintenance and transporting of the Units as provided in this Section 11 shall be at the expense and risk of the Lessee (and the Lessee will maintain the insurance required by § 7 of this Lease to be maintained during this period) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. In the event that the Units or any thereof are sold, the Lessee shall pay to the Lessor the per diem interchange earned for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date such Unit is available to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time and to give all appropriate notices and directions to the Association of American Railroads to change the registration of such Unit from the Lessee or the Sublessee to the Lessor or as the Lessor may direct.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Lessor without the consent of the Lessee.

The Lessor will assign certain of its rights under this Lease as security to First Security Bank of Utah, N.A., acting as Agent (the "Vendor"), pursuant to an Assignment of Lease dated as of the date hereof (the "Lease Assignment") and the Lessee will consent to the Lease Assignment pursuant

to a Consent and Agreement substantially in the form attached hereto (the "Consent") and such other consents as may be requested by the Lessor pursuant to the terms hereof.

After any such assignment, the term "Lessor" as used in this Lease shall include the Vendor for all purposes of this Lease, including but not limited to the provisions of §§ 6 and 9 hereof, and this Lease shall be binding upon and inure to the benefit of the Lessor and the Vendor, and the successors and assigns, agents, principals and servants of any such party, and the Lessee and its successors, and, to the extent permitted hereby, assigns. With respect to § 9, the wilful misconduct or gross negligence of any one such person shall not affect the rights of any other such person under such Section except to the extent such other person shall have been otherwise compensated for any loss indemnified against by any other person.

During the term of this Lease, if no Event of Default shall have occurred and the Vendor is entitled to apply the payment as set forth in the Consent, the Lessee's use and quiet enjoyment of the Units shall not be disturbed by the Lessor or anyone claiming solely through or under the Lessor. Without the prior written consent of the Lessor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them except as specifically set forth herein. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or resulting from claims against the Lessor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Lessor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Lessor, materially adversely affect the interest of the Lessor in the Equipment or in the income and proceeds from the Equipment. Except to the extent specifically permitted by the provisions hereof, the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units.

So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the

possession and use of the Units by it or any affiliate in accordance with the terms hereof and (i) to permit the use of the Units by a railroad company or companies incorporated in the United States of America with which the Lessee has contractual arrangements for the use of the Units for its benefit upon trackage owned or operated by it or upon lines of railroad owned or operated by such railroad company or companies or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and (ii) also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Indemnity Agreement by an appropriate instrument in writing) 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, provided that such assignee or transferee will not, upon the effectiveness of such assumption and merger, consolidation or acquisition be in default under any provision of this Lease.

§ 13. Right of First Refusal. Unless an Event of Default, or any event or condition which, upon notice or lapse of time, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, at any time within three months after the end of the original term of this Lease sell Equipment unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing to purchase in the aggregate all, but not less than all, of the Units;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the proposed purchase price or

prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Units to the Lessee upon the same terms and conditions as those set forth in such notice; and

(c) the Lessee shall not have notified the Lessor, within 20 days following receipt of such notice, of its election to purchase such Units upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Units, the Lessor may sell such Items of Equipment at a price and upon other terms and conditions no less favorable to the Lessor than those specified in such notice.

§ 14. Return of Units upon Expiration of Term. On or prior to the termination of the term of this Lease or as soon as practicable on or after the termination of the term of this Lease and in any event not later than 90 days after the termination of the term of this Lease, the Lessee will, at its own cost and expense, at the request of the Lessor, cause each Unit to be transported to such point or points on the Lessee's lines as shall be designated by the Lessor immediately prior to such termination and arrange for the Lessor to store such Unit on any of Lessee's lines of railroad or premises approved by the Lessor for a period commencing on the date of its arrival at any such point and extending thereafter to a date not later than 90 days from the date at which at least 95% of such Units are first placed in storage pursuant to this § 14; the assembly, delivery, storage and transporting of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable for any injury to or the death of any person exercising, either on behalf of the Lessor or any prospective purchaser or user, the rights of inspection granted under this sentence, except in the case of negligence or wilful wrongdoing of the Lessee or of its employees or agents and except to the extent otherwise provided by law. The assembly, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the

premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to cause the assembly, delivery, storage and transporting of the Units. Each Unit returned to the Lessor pursuant to this § 14 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) have attached or affixed thereto any Part title to which is in the Lessor pursuant to § 9 hereof and have removed therefrom at Lessee's expense any Part or Addition title to which is in the Lessee or any other person pursuant to such § 9 and (iii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, or such comparable standards as may then be in effect. If any Unit suffers a Casualty Occurrence during any period prior to its return to the Lessor as provided for in this § 14 or during any storage period provided for in this § 14, the Lessee shall pay to the Lessor the Casualty Value of such Unit as determined in accordance with § 7 hereof. All gross amounts earned in respect of any Unit shall, from and after the termination of the term of this Lease as to such Unit, belong to and be the property of the Lessor.

§ 15. Recording. The Lessor, at its own expense, will cause this Lease, the Security Document, and any assignment hereof or thereof to be filed and recorded with the Interstate Commerce Commission in accordance with 49 U.S.C. § 11303. The Lessor will, at its own expense, undertake the filing, registering, deposit, and recording required of the Lessor under the Security Document, and the Lessee will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will refile, reregister, deposit and redeposit or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor for the purpose of proper protection, to its satisfaction, of the Lessor's interests in the Units, or for the purpose of carrying out the intention of this Lease.

§ 16. Conditions. Prior to the delivery and acceptance of any Unit hereunder, the Lessor shall have been advised that all conditions to its purchase of the Equipment under and as contemplated by the Security Document shall have been satisfied, including, without limitation, the filing and recording of this Lease and the Security Document with the Interstate Commerce Commission.

Lessee agrees to deliver to Lessor at its request such opinions and certificates in form and substance as shall

be reasonably required by Lessor in order to meet Lessor's obligations under, and to satisfy the conditions of, the Security Document.

§ 17. Lessor's Right To Perform for the Lessee. If the Lessee fails to perform or comply with any of its agreements contained herein, the Lessor may upon notice to the Lessee itself perform or comply with such agreement, and the amount of the reasonable cost and expenses of the Lessor incurred in connection with such performance or compliance, together with interest on such amount at the rate of 13% per annum (or such lesser amount as may be legally enforceable), shall be payable by the Lessee upon demand.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 13% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

§ 19. Representations and Warranties of the Lessee. The Lessee represents and warrants to the Vendor, the Investors and the Lessor as follows:

(a) The Debtor is a corporation duly incorporated, validly existing and in good standing under the laws of the jurisdiction of its incorporation and is duly qualified to do business and in good standing in such other jurisdictions in which the business and activities of the Debtor require such qualification.

(b) The Lessee has full power, authority and legal right to carry on the Debtor's business as now conducted and is duly authorized and empowered in the Reorganization Proceedings pursuant to an order or orders of the court in the Reorganization Proceedings (the "Order") and otherwise to execute and deliver this Lease, the Indemnity Agreement and the Consent and to fulfill and comply with the terms, conditions and provisions hereof and thereof; this Lease, the Consent and the Indemnity Agreement have been duly authorized and approved in the Reorganization Proceedings pursuant to the Order, from which no appeal has been taken, and otherwise and have been or will be, on or before delivery of any unit of

Equipment, duly authorized, executed and delivered and, assuming due authorization, execution and delivery thereof by the other parties thereto, constitute or will then constitute valid, legal and binding agreements, enforceable against the Lessee in accordance with their terms.

(c) There are no actions, suits or proceedings (whether or not purportedly on behalf of the Lessee or the Debtor) pending or (to the knowledge of the Lessee) threatened against or affecting the Lessee or any property rights of the Lessee at law or in equity or before any commission or other administrative agency which could materially and adversely affect the condition, financial or otherwise, of the Lessee or materially prevent or interfere with its ability or right to perform its duties and obligations under this Lease, the Indemnity Agreement or the Consent; and the Lessee is not to its knowledge in default with respect to any order or decree of any court or governmental commission, agency or instrumentality.

(d) The Lessee is not a party to any agreement or instrument or subject to any charter or other restriction materially and adversely affecting the business, present or proposed, of the Lessee or the operations, property or assets or condition, financial or otherwise, of the Lessee.

(e) Neither the execution and delivery of this Lease, the Indemnity Agreement or the Consent nor the consummation of the transactions herein and therein contemplated nor the fulfillment of, or compliance with, the terms and provisions hereof and thereof will conflict with, or result in a breach of, any of the terms, conditions or provisions of any order entered in the Reorganization Proceedings or of any bond, debenture, note, mortgage, indenture, agreement or other instrument to which either of the Lessee or the Debtor is now a party or by which it or its property may be bound, or constitute (with the giving of notice or the lapse of time or both) a default thereunder or result in the creation or imposition of any lien, charge, security interest or other encumbrance of any nature whatsoever upon any property of the Lessee or the Debtor or upon the Equipment pursuant to the terms of any such agreement or instrument or violate any applicable law or governmental rule or regulation.

(f) No authorization, approval, order or license is required from any court or other governmental or public body or authority (including, but not limited to the Interstate Commerce Commission) in connection with the execution, delivery and performance by the Lessee of this Lease or the Consent, other than the Order.

(g) The Lessee has filed all foreign, Federal, state and local income tax returns which are required to be filed, and has paid or made provisions for the payment of all income taxes which have or may become due pursuant to said returns or pursuant to any assessment received by it, other than such taxes which are being contested in good faith and which in the aggregate do not involve material amounts.

(h) The Lessee has furnished to the Lessor copies of the Debtor's Offer to Purchase dated May 3, 1979, containing audited consolidated balance sheets of the Debtor as of December 31, 1977, and 1978, and the related consolidated statements of operations, accumulated deficit and changes in financial position for the twelve month periods then ended. Such financial statements are in accordance with the books and records of the Debtor and have been prepared in accordance with generally accepted accounting principles applied on a consistent basis throughout the period covered by the financial statements. The financial statements present fairly the financial condition of the Debtor at such dates and the results of its operations and changes in its financial position for such periods; and from the date of the last such balance sheet, there has not been any material adverse change in the assets, liabilities, business or condition (financial or otherwise) of the Debtor.

§ 20. Reports. The Lessee will deliver to the Lessor (i) as soon as available and in any event within 120 days after the end of each fiscal year of the Debtor, a certificate signed by a responsible officer of the Debtor stating that a review of the activities of the Debtor during such year has been made under his supervision with a view to determining whether the Debtor has kept, observed, performed and fulfilled all of the obligations of the Debtor under this Lease and that to the best of his knowledge the Debtor during such year has kept, observed, performed and fulfilled each and every covenant, obligation and condition contained herein, or if an Event of Default (as defined in the Lease)

shall exist or if an event has occurred and is continuing which, with the giving of notice or the passage of time or both, would constitute an Event of Default, specifying such Event of Default and all such events and the nature and status thereof; (ii) as soon as available and in any event within 90 days after the end of each quarterly period (except the last) of each fiscal year, and to the extent available a balance sheet of the Debtor as at the end of such period, and an income statement of the Debtor for the period beginning on the first day of such quarterly period and ending on the date of such balance sheet, setting forth comparative figures for the corresponding period of the preceding fiscal year, all in reasonable detail and certified by the principal accounting officer employed by the Debtor; (iii) as soon as available and in any event within 150 days after the end of each fiscal year, a copy of the consolidated balance sheet of the Debtor and the related statements of operations, accumulated deficit and changes in financial position, certified by independent public accountants; and any other report reasonably required; and (iv) promptly upon any responsible officer's becoming aware of any condition which constitutes an Event of Default, or which with notice or lapse of time or both would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof. For the purposes of this § 20 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any corporate official of the Lessee who in the normal performance of such official's operational responsibilities would have knowledge of such matter.

§ 21. Necessary Costs and Expenses of Administration. Upon the issuance of the Order, it is hereby expressly understood and agreed that any and all obligations of the Lessee hereunder and any and all amounts payable in connection therewith, including but not limited to those arising out of any breach of warranty or breach or termination of this Lease, or otherwise, together with interest thereon to the date of payment thereof, shall be deemed to be necessary costs and expenses of administration incurred by the Trustees in the Reorganization Proceedings and shall rank equally and ratably with all other expenses of administration of the Trustees, except trustees' certificates heretofore or hereafter issued by the Trustee.

Subject to the provisions of the last paragraph of Section 10 hereof, in case of any sale or conveyance of

all or substantially all of the lines of railroad of the Debtor, or of the lines of the Debtor on which a substantial portion of the Equipment is used, the purchaser or transferee of the purchaser, shall not be at liberty to refuse to accept performance of this Lease or to disaffirm it and any such purchaser and any such transferee shall assume and agree to perform each and all of the obligations of the Lessee hereunder.

The Lessee agrees, but only so long as the Lessee is subject to the Reorganization Proceedings, that, so long as any portion of the Conditional Sale Indebtedness shall be outstanding, the Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of railroad rolling stock, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of the Lessee hereunder or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Debtor (except the equipment or other property involved in the particular transaction) unless the obligations of the Lessee hereunder are equally and ratably secured thereby, provided that nothing herein shall restrict the right of the Trustees to issue and sell trustees' certificates for any proper purpose.

§ 22. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when delivered to such other party or by registered or certified mail, postage prepaid, addressed as follows:

if to the Lessor, at 295 Madison Avenue, New York, N. Y. 10017, Attention of Mr. Stephen Goldsmith and Benjamin D. Fein, Esq., 575 Madison Avenue, New York, New York 10022;

if to the Lessee, at Iron Horse Park, North Billerica, Massachusetts 01862, Attention of Vice President, Equipment;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by

any party hereto to the other parties shall be delivered to the address set forth above or so furnished for such party. Any notice to the Lessee regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Lessor.

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

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

All agreements, indemnities, representations and warranties contained in this Lease or in any document or certificate delivered pursuant hereto or in connection herewith shall survive the execution and delivery of this Lease and the expiration or other termination of this Lease, with respect to matters or events occurring during the term of this Lease or with respect to the obligations of Lessee under Sections 10, 11 and 14.

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

§ 25. Incorporation of Tax Indemnity Agreement. The Indemnity Agreement between the Lessor and Lessee dated as of the date hereof is incorporated herein by reference. All the rights and obligations in said Agreement shall be

considered as rights and obligations under this Lease and inseparable therefrom.

§ 26. Law Governing. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the Commonwealth of Massachusetts; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

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

ROBERT W. MESERVE and BENJAMIN H. LACY, Trustees of the Property of Boston and Maine Corporation, Debtor,

by

_____
as Trustee, not individually

by

_____
as Trustee, not individually

ARLINGTON-INTEGRATED (RAIL), INC.,

by

_____

[CORPORATE SEAL]

Attest:

_____

COMMONWEALTH OF MASSACHUSETTS,)
) ss.:
COUNTY OF SUFFOLK,)

On this day of 1979, before me personally appeared ROBERT W. MESERVE and BENJAMIN H. LACY, to me personally known, who, being by me duly sworn, say that they are Trustees of the Property of Boston and Maine Corporation, Debtor, and that said instrument was signed on behalf of said Debtor by authority of the United States District Court for the District of Massachusetts, and they acknowledged that the execution of the foregoing instrument was the free act and deed of said Trustees.

_____
Notary Public

[Notarial Seal]

My Commission Expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is of ARLINGTON-INTEGRATED (RAIL), INC., 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 By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

_____
Notary Public

[Notarial Seal]

My Commission Expires

Schedule A

Type	Builder's Specification	Builder's Plant	Quantity	Estimated Unit Base Price (in United States Dollars)	Estimated Total Base Price (in United States Dollars)	Road Numbers (Inclusive)	Estimated Time and Place of Delivery
50' 6", 70-ton Class XL boxcar with 10" sliding doors	PACCAR Specifications PC-655, Revision B, dated May 18, 1979; Drawing 2904-201	Renton, Washington	200	$41,040	$8,208,000	BM 3200-BM 3399, both inclusive	August-September 1979 at Renton, Washington.

SCHEDULE B to LEASE

Casualty Values*

Item I: Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
October 15, 1979	86.3885	August 15, 1982	94.3141
November 15, 1979	87.0921	September 15, 1982	94.2844
December 15, 1979	87.8181	October 15, 1982	94.2002
January 15, 1980	88.2128	November 15, 1982	94.1181
February 15, 1980	88.6215	December 15, 1982	94.0382
March 15, 1980	89.0447	January 15, 1983	93.9026
April 15, 1980	89.4827	February 15, 1983	93.7678
May 15, 1980	89.8529	March 15, 1983	93.6338
June 15, 1980	90.2365	April 15, 1983	93.5008
July 15, 1980	90.5509	May 15, 1983	93.3214
August 15, 1980	90.8773	June 15, 1983	93.1418
September 15, 1980	91.2161	July 15, 1983	92.9145
October 15, 1980	91.4844	August 15, 1983	92.6858
November 15, 1980	91.7636	September 15, 1983	92.4557
December 15, 1980	92.0540	October 15, 1983	92.1768
January 15, 1981	92.2727	November 15, 1983	91.8951
February 15, 1981	92.5010	December 15, 1983	91.6107
March 15, 1981	92.7392	January 15, 1984	91.2881
April 15, 1981	92.9875	February 15, 1984	90.9623
May 15, 1981	93.1781	March 15, 1984	90.6333
June 15, 1981	93.3776	April 15, 1984	90.3011
July 15, 1981	93.5182	May 15, 1984	89.9618
August 15, 1981	93.6663	June 15, 1984	89.6193
September 15, 1981	93.8223	July 15, 1984	89.2695
October 15, 1981	93.9183	August 15, 1984	88.9163
November 15, 1981	94.0207	September 15, 1984	88.5598
December 15, 1981	94.1299	October 15, 1984	88.1959
January 15, 1982	94.1778	November 15, 1984	87.8285
February 15, 1982	94.2311	December 15, 1984	87.4577
March 15, 1982	94.2898	January 15, 1985	87.0794
April 15, 1982	94.3543	February 15, 1985	86.6975
May 15, 1982	94.3667	March 15, 1985	86.3120
June 15, 1982	94.3836	April 15, 1985	85.9228
July 15, 1982	94.3472	May 15, 1985	85.5272

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Casualty Values*

Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
June 15, 1985	85.1279	May 15, 1988	68.0774
July 15, 1985	84.7221	June 15, 1988	67.5011
August 15, 1985	84.3125	July 15, 1988	66.9205
September 15, 1985	83.8990	August 15, 1988	66.3344
October 15, 1985	83.4790	September 15, 1988	65.7428
November 15, 1985	83.0549	October 15, 1988	65.1468
December 15, 1985	82.6269	November 15, 1988	64.5451
January 15, 1986	82.1922	December 15, 1988	63.9378
February 15, 1986	81.7534	January 15, 1989	63.3259
March 15, 1986	81.3105	February 15, 1989	62.7081
April 15, 1986	80.8634	March 15, 1989	62.0846
May 15, 1986	80.4107	April 15, 1989	61.4551
June 15, 1986	79.9537	May 15, 1989	60.8222
July 15, 1986	79.4911	June 15, 1989	60.1833
August 15, 1986	79.0240	July 15, 1989	59.5409
September 15, 1986	78.5526	August 15, 1989	58.8923
October 15, 1986	78.0754	September 15, 1989	58.2376
November 15, 1986	77.5937	October 15, 1989	57.5791
December 15, 1986	77.1074	November 15, 1989	56.9144
January 15, 1987	76.6152	December 15, 1989	56.2433
February 15, 1987	76.1184	January 15, 1990	55.5683
March 15, 1987	75.6169	February 15, 1990	54.8868
April 15, 1987	75.1108	March 15, 1990	54.1988
May 15, 1987	74.5997	April 15, 1990	53.5042
June 15, 1987	74.0839	May 15, 1990	52.8069
July 15, 1987	73.5630	June 15, 1990	52.1028
August 15, 1987	73.0373	July 15, 1990	51.3960
September 15, 1987	72.5067	August 15, 1990	50.6823
October 15, 1987	71.9709	September 15, 1990	49.9618
November 15, 1987	71.4301	October 15, 1990	49.2382
December 15, 1987	70.8842	November 15, 1990	48.5076
January 15, 1988	70.3331	December 15, 1990	47.7699
February 15, 1988	69.7768	January 15, 1991	47.0290
March 15, 1988	69.2152	February 15, 1991	46.2808
April 15, 1988	68.6484	March 15, 1991	45.5254

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Casualty Values*

Rental Payment Date	Percentage of Purchase Price	Rental Payment Date	Percentage of Purchase Price
April 15, 1991	44.7625	January 15, 1993	29.4238
May 15, 1991	43.9978	February 15, 1993	28.8570
June 15, 1991	43.2255	March 15, 1993	28.2904
July 15, 1991	42.4511	April 15, 1993	27.7242
August 15, 1991	41.6692	May 15, 1993	27.2305
September 15, 1991	40.8794	June 15, 1993	26.7395
October 15, 1991	40.0880	July 15, 1993	26.3234
November 15, 1991	39.2882	August 15, 1993	25.9125
December 15, 1991	38.4804	September 15, 1993	25.5071
January 15, 1992	37.7161	October 15, 1993	25.1689
February 15, 1992	36.9446	November 15, 1993	24.7959
March 15, 1992	36.1657	December 15, 1993	24.3870
April 15, 1992	35.3795	January 15, 1994	24.0133
May 15, 1992	34.6498	February 15, 1994	23.6037
June 15, 1992	33.9144	March 15, 1994	23.1571
July 15, 1992	33.2373	April 15, 1994	22.6727
August 15, 1992	32.5563	May 15, 1994	22.3329
September 15, 1992	31.8713	June 15, 1994	21.9581
October 15, 1992	31.2464	July 15, 1994	21.7309
November 15, 1992	30.6194	August 15, 1994	21.4719
December 15, 1992	29.9905	September 15, 1994	21.1802
		October 15, 1994	20.0000

Item II:	Anniversary of Delivery and Acceptance	Percentage of Purchase Price
	Third	19.2308
	Fifth	12.8205
	Seventh	6.4103

---

* The Casualty Value of each Unit as of any rental payment date shall be that percentage of the Purchase Price of such Unit as is set forth in the above schedule opposite each such rental payment date.

Annex D to the
Conditional Sale Agreement

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of August 1, 1979

between

ARLINGTON-INTEGRATED (RAIL), INC.

and

FIRST SECURITY BANK OF UTAH, N.A.,
not in its individual capacity but solely as agent under the Participation Agreement dated as of the date hereof.

ASSIGNMENT OF LEASE AND AGREEMENT dated as of August 1, 1979, between ARLINGTON-INTEGRATED (RAIL), INC. (the "Lessor"), and FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity but solely as agent (the "Agent") for certain institutional investors (the "Investors") under a Participation Agreement dated as of the date hereof with the Lessor and the Investors.

The Lessor is entering into a Conditional Sale Agreement dated as of the date hereof (the "Security Document") with PACCAR, Inc. (the "Builder"), providing for the sale from the Builder to the Lessor of such units of railroad equipment (the "Units") described in the Annex B thereto as are delivered to and accepted by the Lessor thereunder; and the Security Document is being assigned to the Agent by the Builder.

The Lessor and the Trustees of the Property of the Boston and Maine Corporation, Debtor (the "Lessee") have entered into a Lease of Railroad Equipment dated as of the date hereof (the "Lease"), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the Security Document and as an inducement to the Investors to invest in the Conditional Sale Indebtedness as defined in the Security Document, the Lessor agrees to assign for security purposes its rights in, to and under the Lease to the Agent.

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

1. The Lessor hereby assigns, transfers and sets over unto the Agent, as collateral security for the payment and performance of the Lessor's obligations under the Security Document, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease, including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to

the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise, except (i) any indemnity payable to the Lessor pursuant to § 6 or § 9 of the Lease which is not required to be paid over under the CSA to the Agent, (ii) any liability insurance proceeds payable to the Lessor pursuant to § 7 of the Lease and (iii) any increases in rental and casualty payments and any other payments which may be required by the Indemnity Agreement (as defined in the Lease) (all such rights, title, interests, powers, privileges and other benefits being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Agent in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney to ask, demand, sue for, collect and receive any and all Payments to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof.

The Agent agrees to accept for the account of the Lessor any Payments made by the Lessee pursuant to the Lease. To the extent received, the Agent will apply such Payments to satisfy the obligations of the Lessor under the Security Document, and, so long as no event of default or event which with the lapse of time and/or demand provided for in the Security Document could constitute an event of default thereunder, shall have occurred and be continuing, any balance shall be paid to the Lessor on the same date such Payment is applied to satisfy such obligations of the Lessor by bank wire to the Lessor at such address as may be specified to the Agent in writing, and such balance shall be retained by the Lessor. If the Agent shall not receive any Payment when due or if the Agent shall have actual notice of an Event of Default under the Lease, the Agent shall promptly notify the Lessor by telephone and confirm such notice in writing to the address set forth in the Lease; provided, however, that the failure of the Agent to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the Security Document.

2. This Assignment is executed only as security for the obligations of the Lessor under the Security Document and, therefore, the execution and delivery of this Assignment shall not subject the Agent to, or transfer, or pass, or in

any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor under the Lease shall be and remain enforceable by the Lessee and its successors and assigns, against, and only against, the Lessor or persons other than the Agent.

3. To protect the security afforded by this Assignment, the Lessor agrees as follows:

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

(b) Should the Lessor fail to make any payment or to do any act which this Assignment requires the Lessor to make or do, then the Agent, but without obligation so to do, after first making written demand upon the Lessor and affording the Lessor a reasonable period of time within which to make such payment or do such act, but without releasing the Lessor from any obligation hereunder, may make or do the same in such manner and to such extent as the Agent may deem necessary to protect the security provided hereby, including specifically, without limiting its general powers, the right to appear in and defend any action or proceeding purporting to affect the security hereof and the rights or powers of the Agent, and also the right to perform and discharge each and every obligation, covenant and agreement of the Lessor contained in the Lease; and in exercising any such powers, the Agent may pay necessary costs and expenses, employ counsel and incur and pay reasonable attorneys' fees, and the Lessor will reimburse the Agent for such costs, expenses and fees; provided, however, that the obligations of the Lessor to make reimbursements under this Paragraph 3 are subject to the last

paragraph of Article 4 of the Security Document.

4. The Lessor does hereby constitute the Agent the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, receive, compound and give acquittance for any and all Payments due and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Agent may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the Security Document and Participation Agreement, this Assignment and all rights herein assigned to the Agent shall terminate, and all estate, right, title and interest of the Agent in and to the Lease shall revert to the Lessor without further act or deed, but the Agent shall execute and deliver such documents as the Lessor may reasonably request in order to confirm, or make clear upon public records, such termination and/or reversion. Promptly following such full discharge and satisfaction, the Agent will advise the Lessee in writing that all sums due from the Lessor under the CSA have been fully discharged and satisfied and instruct the Lessee that no further payments under the Lease are to be made to the Agent.

6. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, and deliver any and all further instruments required by law or reasonably requested by the Agent in order to confirm or further assure the interests of the Agent hereunder.

7. The Agent may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Agent hereunder. The Agent will give written notice to the Lessor and the Lessee of any such assignment.

8. This Assignment shall be governed by the laws of the State of New York, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

9. The Lessor shall cause copies of all notices received in connection with the Lease and all payments thereunder to be promptly delivered or made to the Agent at its address set forth in the attached Lessee's Consent and Agreement, or at such other address as the Agent shall designate.

10. The Agent hereby agrees with the Lessor that (i) so long as no event of default, or any event which with lapse of time or notice or both would constitute such an event of default, under the Security Document has occurred and is then continuing, the Agent will not exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits assigned and transferred by the Lessor to the Agent by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that (ii) subject to the terms of the Lease, and the Security Document, the Lessor may, so long as no event of default or event which with notice or lapse of time or both would constitute such an event of default under the Security Document has occurred and is then continuing, exercise or enforce, or seek to exercise or enforce, its rights, powers, privileges, and remedies arising out of subparagraph (a) of the first paragraph of § 10 of the Lease; provided, however, the Lessor shall not, without the prior written consent of the Agent, terminate the Lease or otherwise exercise or enforce, or seek to exercise or enforce, any rights, powers, privileges and remedies arising out of subparagraph (b) of said § 10.

11. This Assignment may be executed in any number of counterparts, but the counterpart delivered to the Agent shall be deemed to be the original counterpart. Although for convenience this Assignment is dated as of the date first above written, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate names, by officers thereunto duly authorized, and their

respective corporate seals to be affixed and duly attested, all as of the date first above written.

ARLINGTON-INTEGRATED (RAIL), INC.,

by

_____

[CORPORATE SEAL]

Attest:

_____

FIRST SECURITY BANK OF UTAH, N.A., not in its individual capacity, but solely as Agent,

by

_____
Authorized Officer

[SEAL]

Attest:

_____
Authorized Officer

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is a of ARLINGTON-INTEGRATED (RAIL), INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

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

On this day of 1979, before me personally appeared , to me personally known, who, being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, N.A., that one of the seals affixed to the foregoing instrument is the seal of said national banking association and that said instrument was signed and sealed on behalf of said national banking association by authority of its By-laws and he acknowledged that the execution of the foregoing instrument was the free act and deed of said national banking association.

Notary Public

[NOTARIAL SEAL]

My Commission Expires

LESSEE'S CONSENT AND AGREEMENT

The undersigned, THE TRUSTEES OF THE PROPERTY OF BOSTON AND MAINE CORPORATION, DEBTOR, the Lessee named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease (the "Assignment"), hereby acknowledges receipt of a copy of the Assignment, consents to all the terms and conditions of the Assignment and agrees:

(1) subject to the terms and conditions of the Assignment, to pay all Payments (as defined in the Assignment) due and to become due to Arlington-Integrated (Rail), Inc. (the "Lessor") under the Lease in respect of the Units leased thereunder, without any setoff, abatement, counterclaim, deduction or defense whatsoever, directly to the First Security Bank of Utah, N.A., as agent (the "Agent") to its address at 79 South Main Street (Suite 310), Salt Lake City, Utah 84111, attention of Trust Division, Corporate Trust Department (or to such other address as may be furnished in writing to the undersigned by the Agent);

(2) subject to the terms and conditions of the Assignment, that the Agent shall be entitled to the benefits of, and to receive and enforce performance of, all of the covenants to be performed by the undersigned under the Lease as though the Agent were named therein as the Lessor;

(3) that the Agent shall not, by virtue of the Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise and so long as no Event of Default exists under the Lease and the Agent is entitled to apply the Payments in accordance with the Assignment the Lessee shall be entitled to the rights of possession, use and assignment as provided in the Lease (otherwise all rights of the Lessee shall be subject to the rights and remedies of the Agent under the Security Document);

(4) the Lease shall not, without the prior written consent of the Agent, be amended, terminated or modified, or any action be taken or omitted by the undersigned, the taking or omission of which might result in any alteration or impairment of the obligations of Lessor under the Lease which are intended to satisfy the obligations of the Lessor under the Security Document, the obligations of the Lessor under the Assignment or

the obligations of the Lessee under this Consent and Agreement or of any of the rights created by any thereof; and

(5) that it will execute, deliver and/or furnish to the Agent all notices, certificates, communications, instruments, agreements, legal opinions and other documents and papers required to be executed, delivered and/or furnished by it (or its counsel) pursuant to the provisions of the Lease.

This Consent and Agreement may be executed in several counterparts, each of which when so executed shall be deemed an original, and such counterparts together shall constitute one and the same instrument.

This Consent and Agreement shall be deemed to be a contract under the laws of the Commonwealth of Massachusetts and, for all purposes, shall be construed in accordance with the laws of said Commonwealth.

Dated as of August 1, 1979

ROBERT W. MESERVE and BENJAMIN H. LACY, Trustees of the Property of Boston and Maine Corporation, Debtor,

by

_____

as Trustee, not individually

by

_____

as Trustee, not individually