

THE ROCK

RECORDATION NO. ^{8551-A} FORM 1428

SEP 25 1978 12 30 PM

INTERSTATE COMMERCE COMMISSION

September 18, 1978

RE: LEASE OF RAILROAD EQUIPMENT DATED OCTOBER 29, 1976.
LEASE ASSIGNMENT AGREEMENT DATED AS OF JULY 1, 1978,
BETWEEN WILLIAM M. GIBBONS, TRUSTEE OF CHICAGO,
ROCK ISLAND AND PACIFIC RAILROAD COMPANY, UNITED
STATES OF AMERICA, AND XTRA, INC. RECORDED AS
DOCUMENT NO. 8551.

Interstate Commerce Commission
Washington, D. C. 20423

Gentlemen:

Enclosed for recordation under the provisions of Section 20(c)
of the Interstate Commerce Act, as amended, are ~~six~~ FIVE RSC
executed counterparts of Lease Assignment Agreement
dated as of July 1, 1978, which is a supplement to
the above Lease.

A general description of the railroad rolling stock
covered by the Assignment is freight cars bearing
RI or ROCK numbers as set forth in Exhibit B hereto.

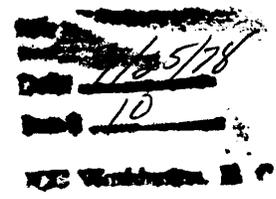
The undersigned is an executive officer of William M.
Gibbons, Trustee of Chicago, Rock Island and Pacific
Railroad Company mentioned in the enclosed documents
and has knowledge of the matters set forth therein.

Please return five executed counterparts of the Assignment
with the recording information stamped thereon to
me by mail at 332 South Michigan Avenue, Chicago,
Illinois 60604.

Also enclosed is a check payable to the Interstate
Commerce Commission covering the required \$10 recordation
fee.

WILLIAM M. GIBBONS, TRUSTEE OF
CHICAGO, ROCK ISLAND AND PACIFIC
RAILROAD COMPANY

By 
O. L. Houts
General Solicitor



OLH:dln
Enclosures

EXHIBIT B

JOB C51120 ROCK ISLAND RAILROAD
LIST OF CARS TO BE REHABILITATED WITH FUNDS
PROVIDED BY SECTION 511, 4 R ACT LOAN

PAGE 40

INIT	NUMBER	CAR TYPE	O/L	LESSOR	TALLY
ROCK	532582	BOX-EQ	L	N50	
ROCK	532591	BOX-EQ	L	N50	
TYPE TOTAL					2
LESSOR TOTAL					2
BL TOTAL					1,253

RECORDATION NO. 8551-A Form 1426

LEASE ASSIGNMENT AGREEMENT

SEP 25 1978 12 00 PM

INTERSTATE COMMERCE COMMISSION

LEASE ASSIGNMENT AGREEMENT (hereinafter called "Lease Assignment") dated as of July 1, 1978 by and between William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company (said Trustee in his capacity as trustee, together with his successors or assigns, being hereinafter called "Trustee"), the United States of America ("United States"), represented by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration or the Administrator's designee ("Administrator"), and XTRA, Inc. ("Lessor").

WHEREAS, Lessor and Trustee have previously entered into a Lease of Railroad Equipment dated as of October 29, 1976 (the "Lease"), a copy of which is attached hereto as Exhibit A; and

WHEREAS, the Lease was filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act on November 3, 1976 and assigned Recordation No. 8551; and

WHEREAS, United States and Trustee intend to enter into a financing agreement ("Financing Agreement") by which the Secretary will guarantee certain obligations of Trustee with respect to certain leased railroad

equipment being rehabilitated by Trustee (the "Leased Equipment") which is a part of the railroad equipment described and identified in Schedule A to Exhibit A hereof; and

WHEREAS, in order to secure the payment of the obligations contained in the Financing Agreement, execution and delivery of this Lease Assignment has been made a condition precedent to execution of the Financing Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual covenants and promises herein contained, the parties hereto agree as follows:

1. Trustee hereby assigns to United States the entire leasehold interest in the Leased Equipment described in Exhibit B attached hereto and made a part hereof.
2. The term of this Lease Assignment shall commence forthwith and shall continue as to each item of Leased Equipment until the Lease or the Financing Agreement is terminated, whichever is earlier.
3. Except as provided in paragraph 6 hereof, this Lease Assignment is subject to all of the terms and conditions of the Lease. Trustee shall duly and punctually perform, when due, all of the agreements and obligations under or pursuant to the Lease. This Lease Assignment shall not relieve Trustee from any of these obligations under the Lease.
4. So long as Trustee shall have the right to possession of the Leased Equipment in accordance with the Lease and the Financing Agreement, he shall be entitled, as against the United States, to manage, operate, use, enjoy and be suffered and permitted to remain in the actual and undisturbed possession of the Leased Equipment, to receive, take and use all rents, incomes, issues, tolls, profits and proceeds thereof and to exercise any renewal or purchase options.
5. If an event of default shall occur under the Lease, Lessor shall

promptly notify the Administrator in writing of such event and shall give the Administrator 60 days within which to elect to exercise the Administrator's rights under paragraph 6 hereof and assume the lease obligations relative to such items of Leased Equipment as the Administrator elects to possess.

6. If an event of default (other than a default under the Lease) shall occur under the Financing Agreement and notice of such event shall have been furnished to the Lessor, then the Administrator shall at the Administrator's sole option be entitled to and shall succeed to all the right, title and interest of the leasehold interest in any of such Leased Equipment, described in Exhibit B, attached hereto, as the Administrator may designate in writing to the Lessor not more than 60 days after notice of such event of default to the Lessor. Notwithstanding any terms or conditions of the Lease, the Administrator shall have the right to sublet such equipment as the Administrator takes possession of under this paragraph. The Administrator's right to possession and use of any equipment under this paragraph shall not be affected by any rights (including rights protected under section 77(j) of the Bankruptcy Act) which the Lessor might have by virtue of a default by the Trustee on any of the Trustee's obligations under the Lease, and the Administrator (and the Administrator's sublessees) shall have the right to continue to possess and use such equipment so long as the lease payments (prorated for the actual number of cars that the Administrator possesses and adjusted to reflect only payments for prospective possession and use from the date of the notice of default) which gave rise to the event of default are made and all other obligations, including but not limited to lease payments, under the Lease (with respect to equipment which the Administrator possesses) are satisfied as they

become due.

7. This Lease Assignment shall be binding upon and shall inure to the benefit of the parties hereto and their respective successors and assigns and the Lease and this Lease Assignment may not be modified unless such modification is consented to by the Administrator in writing.

IN WITNESS WHEREOF, Trustee, United States and Lessor, pursuant to proper authority, have caused these presents to be signed in their respective names and their respective seals to be hereunto affixed, duly attested, as of the day and year first above written.



William M. Gibbons, Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company

United States of America by the Secretary of Transportation acting through the Administrator of the Federal Railroad Administration



XTRA, Inc.

BY  Lessor

STATE OF ILLINOIS)
) SS.
COUNTY OF COOK)

On this 20 day of Sept, 1978, before me personally appeared William M. Gibbons, to me known to be the person described in and who executed the foregoing instrument, who being by me duly sworn, says that he is the Trustee of the Property of Chicago, Rock Island and Pacific Railroad Company, and he acknowledged that he executed said instrument as his free act and deed.

John P. Quinn
Notary Public

(SEAL)

My Commission Expires:
Oct. 26, 1981

DISTRICT OF)
) SS.
COLUMBIA)

I, Ray Boyle, a notary public in and
for the District of Columbia, DO HEREBY CERTIFY that John M. Sullivan
_____, personally known to me to be the Administrator
of the Federal Railroad Administration, and personally known to me to be
the same person whose name is subscribed to the foregoing instrument as
such Administrator, appeared before me this day in person, and, being by
me duly sworn, said and acknowledged that he is the Administrator of the
Federal Railroad Administration, that he signed, affixed thereto the seal
and delivered said instrument as Administrator of the Federal Railroad
Administration on behalf of the United States of America, pursuant to
authority given by the Secretary of Transportation (49 CFR 1.49(u)) as
his free and voluntary act, and as a free and voluntary act and deed of
the Secretary of Transportation and the United States of America, for the
use and purposes therein set forth, and that the seal affixed to said
instrument is the seal of the Federal Railroad Administration.

GIVEN under my hand and notarial seal this 25th day of Sept,
A.D., 1978.

Ray Boyle

Notary Public
My Commission Expires May 1, 1982

(SEAL)

My Commission Expires: My Commission Expires May 1, 1982

LEASE AGREEMENT

THIS LEASE OF RAILROAD EQUIPMENT dated October 29, 1976 between XTRA, Inc., a Corporation of the State of Massachusetts (Lessor), and William M. Gibbons, as Trustee of the property of Chicago, Rock Island, and Pacific Railroad Company, Debtor, and the successors of said Trustee, or of any of them (Lessee).

W I T N E S S E T H :

WHEREAS, Lessor has agreed to purchase and Berwick Forge & Fabricating (Manufacturer) has agreed to manufacture 30 high roof boxcars as more fully described and set forth in Schedule A attached hereto and made a part hereof (said boxcars being hereinafter collectively called Cars and individually called a Car), and

WHEREAS, Lessee desires to lease all of the Cars or such lesser number thereof as are delivered and accepted in accordance with the provisions hereof; and

WHEREAS, the Cars are to be manufactured in accordance with the specifications and drawings in Exhibit A attached hereto and made a part hereof, which have been approved by Lessee, and

WHEREAS, the terms and provisions contained in this Lease constitute the only understanding, oral or written, between Lessor and Lessee relating to the Cars, and

WHEREAS, the aforesaid William M. Gibbons has been duly appointed Trustee of the property of Chicago, Rock Island, and Pacific Railroad Company (the Railroad) by order of the United States District Court for the Northern District of Illinois, in a proceeding under Section 7 of the Bankruptcy Act entitled "In the Matter of Chicago, Rock Island, and Pacific Railroad Company, Debtor," and said appointment has been duly ratified by an order of the Interstate Commerce Commission, and said Trustee has duly qualified as such and is now in possession of and operating the property of the Railroad pursuant to the provisions and directions contained in orders of said Court, and

WHEREAS, by an order of said Court dated August 27, 1976, the form and terms of this Lease were approved by said Court in substantially the present form hereof, and Lessee was duly authorized and directed to execute and deliver this Lease, and otherwise to make and carry out the covenants and agreements on his part herein contained; and

WHEREAS, Lessee represents that all acts and things necessary to make this Lease valid and binding upon Lessee have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the rental to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby leases the Cars to Lessee upon the following terms and conditions:

SECTION 1. DELIVERY AND ACCEPTANCE OF CARS. Each of the Cars shall be inspected by an authorized representative of Lessor and Lessee at Berwick Forge and Fabricating's (hereinafter referred to as "Manufacturer") plant at Berwick, Pennsylvania, and if such Car or Cars is in good order and condition and conforms to the Specifications of the Manufacturer and to all applicable Federal Railroad Administration requirements and all standards recommended by the Association of American Railroads, such representative shall execute and deliver to Manufacturer and to Lessor a Certificate of Inspection and Acceptance in the form as set forth in Exhibit B hereto. Execution of said Certificate of Inspection and Acceptance shall establish delivery of such car or cars to Lessee and shall commence Lessee's responsibility and obligations under this Lease. Lessee shall promptly after the execution of this Lease deliver to Lessor a certificate signed by the Trustee or such authorized representative of the Trustee setting forth the names and signatures of the persons authorized to execute and deliver Certificates of Inspection and Acceptance hereunder.

All arrangements necessary and expenses incurred in transporting and/or moving the cars from the manufacturer's plant at Berwick, Pennsylvania, shall be the sole responsibility and obligation of the Lessee.

At all times during the continuance of this Lease, title to the Cars shall be vested in Lessor to the exclusion of Lessee, and delivery of possession of the Cars to Lessee and Lessee's possession of the Cars shall constitute a leasehold interest only.

SECTION 2. TERM OF THE LEASE. The terms and conditions of the Lease (hereinafter called the "Term"), as to each Car shall commence on the date such car or cars is delivered to Lessee as provided for under Section 1 herein and, subject to the provisions of Sections 9, 10, and 12 hereof, shall terminate on the day thereafter called the "Termination Day" preceding the fifteenth anniversary of the Average Date of Acceptance, as hereinafter defined in this Section 2.

From and after the date of execution hereof until the expiration or termination of the Term as to any Car as set forth in this Section, this Lease shall not be subject to termination by Lessor except pursuant to Section 12 hereof upon the occurrence of an Event of Default, or by Lessee except pursuant to Section 10 hereof.

For the purposes of this Lease, the "Average Date of Acceptance" shall be the first day of the calendar month next succeeding a date determined as follows: the number of Cars accepted by Lessee on each date of acceptance on or prior to the cutoff date shall in each case be multiplied by the number of days elapsed subsequent to the date of the acceptance of the first Car accepted; the products so obtained shall be added together and divided by the total number of Cars accepted on or prior to the last date on which any of the Cars were accepted; and the quotient so obtained (rounded out to the nearest whole number) will be the number of days elapsed subsequent to the date of the acceptance of the first Car to and including the date which is the Average Date of Acceptance; provided, however, that the Average Date of Acceptance may be such other date as shall be agreed upon in writing by Lessor and Lessee.

SECTION 3. RENTALS. Lessee agrees to pay to Lessor, in cash, for the Term of this Lease rental for each of the Cars subject to this Lease at the monthly rate specified for such type of Cars on Exhibit C hereof. Such rental shall begin to accrue on the date on which such Car is delivered to Lessee hereunder and continuing during the period ending on the earlier day of (i) the "Termination Day" or (ii) the date, if any, on which this Lease shall terminate with respect to such Car pursuant to Section 10 or Section 12 hereof.

Lessee agrees to pay such rental to Lessor as follows: For the calendar month during which a Car is delivered and accepted, a daily pro rata rental rate for such car will be payable from the date of acceptance through the last day of that month on or before the 10th day of the following month and the rental for each succeeding month will be payable on the first business day of the calendar month in which the rental is to accrue.

Lessee will pay, to the extent legally enforceable, interest at the rate of 10% per annum upon rentals remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

All payments to be made to Lessor shall be made at the Office of Lessor at 150 Causeway Street, Boston, Massachusetts 02114, or at such other place or places as shall be directed in writing by Lessor.

SECTION 4. COVENANTS, REPRESENTATIONS, AND WARRANTIES.

(a) Lessor represents and warrants that at the time a Car becomes subject to this Lease, Lessor will be the true and lawful owner thereof and that such Car will be free and clear of all liens and encumbrances of any nature whatsoever except only the rights of Lessee hereunder and of the holder of any chattel mortgage, conditional sale agreement or of the Trustee of an equipment trust or of the holder of any other lien created by the Lessor on such Cars and except for liens for taxes, assessments, or governmental charges or levies not yet due and delinquent or not yet subject to penalty for non-payment, or undetermined or inchoate material men's, mechanic's, workmen's, repairmen's, employees', or other like liens arising in the ordinary course of business and not delinquent (such liens being herein called "Permitted Liens").

(b) LESSOR, NOT BEING THE MANUFACTURER OF THE CARS, MAKES NO EXPRESSED OR IMPLIED WARRANTY whatsoever AS TO MERCHANTABILITY, FITNESS FOR ANY PURPOSE, OR OTHERWISE REGARDING THE CARS OR ANY UNIT THEREOF. However, Lessor authorizes Lessee to assert for Lessor's account, during the term of this Lease all of Lessor's rights under the warranties extended to Lessor by Manufacturer, as described in Exhibit D, attached hereto and made a part hereof, which have been approved, agreed to, and accepted by Lessee, as to the Cars, at Lessee's expense, and Lessee shall indemnify and hold harmless Lessor from and against any and all claims, and costs, expenses, damages, losses, and liabilities incurred and incident to any action by Lessee pursuant to the above authorization.

(c) Lessee hereby acknowledges that Lessor is about to or has created a security interest in the cars and this Lease Agreement in favor of the Chase Manhattan Bank N.A. (as Agent) and Lessee represents and warrants that it will comply with all reasonable future requests by Lessor to insure that said security interests are properly recorded and filed in such public offices deemed appropriate by Lessor.

(d) Lessee represents and warrants that:

(i) Lessee, William M. Gibbons, has been duly appointed as Trustee of the Property of the Railroad by an order of the United States District Court for the Northern District of Illinois; the appointment of said Trustee has been duly ratified by an order of the Interstate Commerce Commission; and said Trustee is duly vested with the title to the properties of the Railroad and has power and authority to carry on its business.

(ii) The execution and delivery of this Lease by Lessee and his assumption and undertaking of the obligations, duties, and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding, and enforceable against Lessee in accordance with its terms.

(iii) The rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien, charge, or security interest created by any mortgage, security agreement, or other instrument binding upon the Railroad or Lessee.

(iv) Except for the authorization by the United States District Court for the Northern District of Illinois of the execution and delivery of this Lease by the Lessee, no governmental authorizations, approvals, or exemptions are required for the execution and delivery of this Lease or for the validity and enforceability hereof or for the leasing of the Cars hereunder, for the rentals and on the other terms and conditions herein provided or if any such authorizations are required, they have been acquired and, if any such shall hereinafter be required, they will be promptly obtained.

(v) No litigation or administrative proceedings are pending or to the knowledge of Lessee are threatened against Lessee, the adverse determination of which would affect the validity of this Lease or the rights of Lessor hereunder.

(vi) Obligations to make rental and other payments under this Lease will constitute expenses of administration of Lessee, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessee; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration.

(vii) Upon the occurrence of an Event of Default under this Lease, Lessor's title to the Cars or any right of Lessor to take possession of the Cars in compliance with the provisions herein are not effected or prohibited by the provisions of Section 77 of the Bankruptcy Act.

SECTION 5. OPINIONS OF COUNSEL. Concurrently with the delivery of Certificates of Inspection and Acceptance hereunder, Lessee will deliver to Lessor an opinion of O. L. Houts Counsel for Lessee, or an attorney designated by him, satisfactory to Lessor, to the effect that (i) Lessee, William M. Gibbons (or any successor or additional Trustees), has been duly appointed as Trustee of the property of the Railroad by an order of the United States District Court for the Northern District of Illinois; the appointment of said Trustee has been duly ratified by an order of the Interstate Commerce Commission; and said Trustee is duly vested with title to the properties of the Railroad and has the power and authority to carry on its business; (ii) the execution and delivery of this Lease by Lessee and his assumption and undertaking of the obligations, duties, and liabilities hereof have been duly authorized by an order of said Court; and this Lease is legal, valid, binding, and enforceable against Lessee in accordance with its terms; (iii) the rights of Lessor as herein set forth and the title of Lessor to the Cars are free and clear of the lien of any mortgage, security agreement, or other instrument binding upon the Railroad or Lessee; (iv) obligations to make rental and other payments under this Lease will constitute expenses of administration

of Lessee, payable on a parity with other equipment obligations theretofore or thereafter assumed or incurred by Lessee; and, upon occurrence of an Event of Default under this Lease, any claim for damages will constitute an expense of administration, and Lessor's title to the Cars or any right of Lessor to take possession of the cars in compliance with the provisions of this Lease are not effected or prohibited by the provisions of Section 77 of the Bankruptcy Act; (v) this Lease will promptly after its execution be filed and recorded in such public offices as are necessary for the full protection of the rights of Lessor in the United States of America; and (vi) no approval of the Interstate Commerce Commission or any other governmental authority (except the Court in the proceedings for the reorganization of the Railroad) is necessary for the execution and deliver of this Lease, or if any such approval is necessary (specifying the same), that it has been obtained.

SECTION 6. IDENTIFICATION STENCILS. Lessee shall place and maintain on each Car in letters not less than two inches in height, a notice conspicuously disclosing Lessor's ownership:

XTRA, Inc., Owner and Lessor
Boston, Massachusetts

In case, during the continuance of this Lease, any such stencil shall at any time be painted over or otherwise made inconspicuous, removed, defaced, or destroyed on any Car, Lessee shall immediately cause the same to be restored or replaced. Lessee will not allow the name of any person, association, or corporation to be placed on any of the Cars as a designation which might be interpreted as indicating a claim of ownership thereof by any person, association, or corporation other than Lessor or its assignee; but the Cars may be lettered with the names or initials or other insignia customarily used by Lessee on equipment of the same or a similar type for convenience of identification of the rights to use and operate the Cars under this Lease.

SECTION 7. NUMBERING. On or prior to the time of delivery of each Car to Lessee, Lessee will instruct Manufacturer to cause to be placed on each of such Car the Manufacturer's Serial Number and on the side of such Car the Railroad's Road Number. At all times thereafter, during the continuance of this Lease, Lessee will cause each Car to bear the numbers so assigned to it, and Lessee will not change or permit to be changed, the numbers of any such Cars except in accordance with a statement of new numbers to be substituted therefor which previously shall have been filed with the Lessor by the Lessee and filed, recorded, or deposited in all public offices where this Lease will have been filed, recorded, or deposited.

SECTION 8. TAXES. Lessee agrees that, during the continuance of this Lease, in addition to the rentals herein provided, Lessee will promptly pay all taxes, assessments, and other governmental charges levied or assessed upon or in respect of the Cars or any thereof or upon the use or operation thereof or the earnings arising therefrom, if and to the extent that any such taxes, assessments, or other governmental charges may give rise to any lien upon the Cars or may become a claim entitled to priority over any of the rights of Lessor in and to the Cars and as additional rental will promptly pay or reimburse Lessor for all taxes, assessments, and other governmental charges levied or assessed against Lessor or any predecessor or successor in title of Lessor solely on account of ownership of the Cars or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income tax on the net income from the rentals herein provided), including any sales, use, or similar taxes payable on account of the sale or delivery of the Cars by the Manufacturer to Lessor or the leasing of the Cars hereunder; but Lessee shall not be required to pay the same so long as he shall in good faith and by appropriate legal or

administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interest of Lessor will be materially endangered, nor shall Lessee be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Cars to any lien or encumbrance. In the event any tax reports are required to be made on the basis of individual Cars, Lessee will either make such reports in such manner as to show the ownership of such Cars by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

SECTION 9. MAINTENANCE, LIENS, AND INSURANCE.

(a) Lessee agrees, during the continuance of this Lease, at Lessee's own cost and expense to maintain and keep all of the Cars in good order and repair, ordinary wear and tear excepted, in accordance with standards prescribed by American Association of Railroads and Federal Railroad Administration in its applicable service manuals and maintenance instructions covering the respective Cars and that any replacement components shall be in accordance with the Specifications.

(b) Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction, or body of the Cars or the components thereof installed in the Cars, or in the Specifications.

(c) Any parts installed or replacements made by Lessee upon any Cars shall be considered accessories to such Cars and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor.

(d) Lessee shall pay or satisfy and discharge any and all sums claimed by any party which, if unpaid, might become a lien or a charge upon the Cars or entitled to priority over any of the rights of Lessor in and to the Cars, but Lessee shall not be required to discharge any such claim so long as he shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not affect or endanger the title and interest of Lessor in and to the Cars.

The Lessee will, at all times while this Lease is in effect, at his own expense, cause to be carried and maintained with a reputable insurer or insurers, property insurance in respect to the Cars at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by Railroad companies in respect of similar equipment owned or operated by them and the benefits thereof shall be payable to Lessor and Lessee, as their interest may appear. Lessee will deliver certificates with respect to any insurance effected or in force in accordance with the provisions of this paragraph and will call such certificates to be endorsed so as to obligate the insurers therein under to notify Lessor at least thirty (30) days in advance of any pending cancellation or material modification. All insurance proceeds received by the Lessor in respect of any Car not suffering loss, theft, or destruction shall be paid to the Lessee upon proof satisfactory to the Lessor that any damage to such Car in respect of which such proceeds were paid has been fully repaired.

SECTION 10. LOSS, THEFT, OR DESTRUCTION OF CARS.

In the event any Car is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever, or shall be requisitioned, taken over, or nationalized by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (except by a Reorganized Company, as hereinafter defined), and all of the obligations of Lessee hereunder are not assumed by such governmental authority within sixty (60) days after such nationalization, Lessee

shall promptly and fully inform Lessor of such occurrence and shall, within thirty (30) days after such occurrence, pay to Lessor, accrued rent and such claims as arise or exist under Sections 8 and 9 hereof, and the Stipulated Loss Value (as described in Exhibit E annexed hereto and made a part hereof) for such Car on the date the Lessee notifies Lessor of the occurrence.

In case upon the requisition, take over, or nationalization of any of the Cars as hereinbefore provided Lessee shall fail to make payment therefor to Lessor pursuant to this Section 10, Lessor shall be entitled to the full amount of any award or recovery from such occurrence and Lessee shall not be entitled to any part of such award or recovery as damages or otherwise, hereby expressly waiving any right or claim thereto.

This Lease shall continue in full force and effect irrespective of the cause, place, or extent of any damage, loss, destruction, requisition, take over, or nationalization of any of the Cars, the risk of which shall be borne by Lessee; provided, however, that this Lease shall terminate with respect to any Car which is lost, stolen, destroyed, or damaged beyond repair or requisitioned, taken over or nationalized on the date Lessor shall receive payment of the amount required to be paid to it on account of such Car under this Section 10.

SECTION 11. COMPLIANCE WITH LAWS AND RULES: INDEMNIFICATION. Lessee agrees to comply in all respects with all laws of the jurisdictions in which his operations involving the cars may extend and with all lawful rules of the Federal Railroad Administration and any other legislative, executive, administrative, or judicial body exercising any power or jurisdiction over Lessee or over the Cars, to the extent that such laws and rules affect the operation, maintenance, or use of the Cars. In the event such laws or rules require the alteration of the Cars, Lessee will conform therewith, at Lessee's expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that Lessee may, in good faith, contest the validity and application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the property or rights of Lessor as owner hereunder.

(a) Lessee hereby agrees to indemnify, reimburse and hold Lessor harmless from any and all claims, demands, suits, judgments, or causes of action for or on account of injury to or death of persons, or loss or damage to property which may result from or grow in any manner out of the control, use, or operation of the Cars under this Lease whether or not in the possession of Lessee, provided, however, that Lessee does not assume liability in respect of the negligent actions of representatives or employees of the Manufacturer or Lessor, and provided, further, that Lessor will assign or pay over to Lessee any and all claims which it may have against third parties in respect of loss or damage to the Cars if Lessee is not in default under this Lease.

(b) If as to any Car Lessor shall not be entitled under any circumstances other than as set forth in Paragraph (d) below to any portion or all of the maximum investment credit presently allowable under the Internal Revenue Code of 1954, as amended, for new property with a useful life equivalent to the lesser of the depreciable life or the lease term set forth herein for such Car, or if at any time Lessor

shall lose, have recaptured or be deemed not to be entitled to any portion or all of said maximum investment credit on any Car under any circumstances other than as set forth in such Paragraph (d), then Lessee shall pay Lessor, upon demand, the sum of (1) the amount of said maximum investment credit which Lessor shall have so lost, had recaptured, or failed to receive; (2) the amount of any interest (net of any actual decrease in federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to tax because of underpayment of estimated tax, which may be assessed against Lessor in connection therewith; and (3) the amount of any taxes required to be paid by Lessor in respect of the receipt of amounts referred to in Clauses (1) and (2) above and the receipt of amounts pursuant to this Clause (3). If, at any subsequent time, Lessor shall be allowed any portion or all of said maximum investment credit which it lost, had recaptured or failed to receive at any time previous and for which payment had been made to Lessor by Lessee pursuant to this Paragraph (b), then, promptly after said allowance, Lessor shall pay Lessee the sum of (1) all amounts with respect thereto paid to Lessor by the federal government (including refunds of investment credit, interest, and penalties and any additional interest paid to Lessor by the federal government on such refunds) reduced by all taxes required to be paid by Lessor in respect of the receipt of such amounts from the federal government, and (ii) the amount of any taxes saved by Lessor in respect of the receipt of its payment to Lessee of amounts referred to in Clause (i) above and its payment to Lessee of amounts pursuant to this Clause (ii). Lessor agrees to use its best efforts to take the maximum investment credit to which it shall reasonably deem itself entitled with respect to the equipment on its federal income tax return for the earliest possible year for which it can be taken.

(c) If Lessor in computing its federal taxable income for any part of the lease term for any Car shall under any circumstances other than as set forth in Paragraph (d) below lose the benefit of or the right to claim or there shall be disallowed or recaptured all or any portion of depreciation deductions for federal income tax purposes for any Car based on depreciation of the cost of any Car over an allowable depreciation life to an allowable salvage value as permitted under the Internal Revenue Code, as amended therefor using any appropriate depreciation method which Lessor, in its complete discretion, may select, then Lessee shall pay Lessor, on each rent payment date during the remaining lease term of any Car, as additional rent hereunder, an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof, shall be sufficient to yield to Lessor the same return as would have been realized by Lessor in respect of this lease agreement if such loss, disallowance or recapture of depreciation deductions or the right to claim the same had not occurred, which amount shall, if subsequent circumstances require, be thereafter adjusted (or further appropriate adjustments shall be made in respect thereof) when and to the extent necessary so that Lessor's return shall be as aforesaid. In addition, Lessee shall also pay Lessor, upon demand, as additional rent hereunder, an amount which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof, shall be equal to the amount of any interest (net of any actual decrease in federal income tax caused by any allowable deduction of such interest from taxable income) or penalties, including any additions to tax because of underpayment of estimated tax, which may be assessed against Lessor in connection with such loss, disallowance, or recapture of depreciation deductions or the right to claim the same.

(d) Lessee shall not be required to pay Lessor the amounts provided for in Paragraphs (b) and (c) above if the loss or disallowance of investment credit, and/or depreciation deductions, as the case may be, or the right to claim the same, shall result from the occurrence of any of the following events:

(i) Lessor shall fail to claim such investment credit or depreciation deductions in its income tax returns for the appropriate years or shall fail to follow the proper procedures in claiming such investment credit, and/or depreciation deductions and such failure to claim or follow such procedures, as the case may be, shall preclude Lessor from claiming such investment credit or depreciation deductions;

(ii) Lessor shall not have sufficient income to benefit from such investment credit or depreciation deductions;

(iii) Lessor shall, at any time when no event of default has occurred and is continuing, without the written consent of Lessee, voluntarily transfer legal title to (other than a transfer pursuant to Section (10) hereof), dispose of or reduce its interest in such Car(s) and such transfer, disposition or reduction in interest shall be the direct cause of such loss;

(iv) Lessor shall fail to take timely action in contesting a claim made by the Internal Revenue Service with respect to the disallowance of the investment credit or depreciation deductions and the failure to take such action in a timely manner shall preclude all rights to contest such claim.

(e) In the event a claim shall be made by the Internal Revenue Service which, if successful, would result in a loss of such investment credit or depreciation deductions under circumstances which would require Lessee to indemnify Lessor for such loss, Lessor hereby agrees to notify Lessee promptly of such claim, to forbear payment of the tax claimed for at least 30 days after giving such notice, to give to Lessee any relevant information requested by it relating to such claim which may be particularly within the knowledge of Lessor and, if Lessee shall, within 30 days after such notice, request that such claim be contested, to take such action in connection with contesting such claim as Lessee shall reasonably request in writing from time to time, but only if Lessee shall, contemporaneously with such initial request, have (1) made provision for Lessor's indemnification in a manner satisfactory to Lessor for any liability or loss which Lessor may from time to time incur as the result of contesting such claim and reimbursement for all costs and expenses, including (without limitation) reasonable legal fees and expenses, which Lessor may incur in connection with contesting such claim and (ii) furnished Lessor with an opinion of independent tax counsel, satisfactory to Lessor, to the effect that a meritorious defense exists to such claim; provided, however, that at any time after having received such request from Lessee, Lessor, at its sole option, may forego any and all administrative appeals, proceedings, hearings, and conferences with the Internal Revenue Service in respect of such claim and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States Court of Claims, as Lessor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as Lessee shall make concerning the most appropriate forum in which to proceed.

SECTION 12. DEFAULT. The following shall be events of default hereunder:

(a) Lessee does not make payment of any part of the rental or at the time provided in Section 3 hereof and such default shall continue for ten (10) days thereafter;

(b) Lessee shall make or suffer any unauthorized assignment or transfer of this Lease or of possession of the Cars or any of them except for the requisitioning, taking over, or nationalizing described in Section 10 of this Lease and shall fail or refuse to cause such assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Car or Cars within fifteen (15) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

(c) Default shall be made in the observance or performance of any other of the covenants, conditions, and agreements on the part of Lessee contained herein except for what is provided for in Section (a) above and such default shall continue for fifteen (15) days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

(d) Any material representation made by Lessee herein or hereunder or in any certificate or other instrument delivered under or pursuant to any provision hereof shall prove to have been false or incorrect in any material respect on the date as of which made;

(e) The order dated August 27, 1976, of the United States District Court for the Northern District of Illinois in the pending proceedings for the reorganization of the Railroad, authorizing the execution and delivery of this Lease by Lessee and his undertaking of the obligations, duties, and liabilities hereof, shall be reversed, modified, amended, or superseded in any material respect which might adversely affect any of the rights, powers, privileges and remedies of the Lessor under this Lease or of the Agent as assignee of the Lessor's right, title, and interest in and under this Lease, and the order effecting such reversal, amendment, modification, or superseding of said order shall not have been vacated or set aside or stayed within sixty (60) days from the date of entry thereof;

(f) A plan or reorganization of the Railroad is approved by the Court in the pending proceedings for the reorganization of the Railroad and said plan does not provide for the assumption by the Reorganized Company as hereinafter defined of each and every obligation of Lessee under this Lease in form and substance satisfactory to Lessor;

(g) A petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall be filed by or against any Reorganized Company as hereinafter defined and all the obligations of Lessee under this Lease shall not have been duly assumed by a trustee or trustees appointed in such proceedings or otherwise given the same status as obligations assumed by such trustee or trustees within thirty (30) days after such appointment, if any, or sixty (60) days after such petition shall have been filed, whichever shall be earlier; or

(h) Any proceedings shall be commenced by or against any Reorganized Company as hereinafter defined for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder), and all the obligations of Lessee under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for such

Reorganized Company or for its property in connection with any such proceedings or otherwise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers, within thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

Upon the occurrence of any events of default by Lessee hereunder, Lessor shall (except to the extent otherwise required by law) be entitled to:

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

(2) By notice in writing to Lessee terminate this Lease, whereupon all right of Lessee to the use of the Cars shall absolutely cease and terminate as though this Lease had never been made, but Lessee shall remain liable as herein provided; and thereupon Lessee shall deliver possession of the Cars to Lessor in accordance with Section 16 hereof unless such delivery is impossible because the Cars or any portion thereof were requisitioned, taken over, or nationalized, as described in Section 10, and Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Cars may be and take possession of all or any of such Cars (damages occasioned by such taking of possession are hereby expressly waived by Lessee) and thenceforth hold, possess, and enjoy the same free from any right of Lessee, or Lessee's successors or assigns, to use the Cars for any purpose whatsoever; but Lessor shall nevertheless have a right to recover from Lessee any and all amounts which under the terms of this Lease may be then due or which may become due and unpaid for the use of the Cars (including rentals accruing on the Cars after the date of default); and also to recover forthwith from Lessee (to the extent not recovered pursuant to the foregoing) the following: (i) as damages for loss of the bargain and not as a penalty a sum with respect to Cars where term has not expired, which represents the excess of the present worth at the time of such termination, of the aggregate of the rentals for the Cars which would otherwise have accrued hereunder from the date of such termination to the Termination Day of the then current term over the then present worth of the Fair Rental Value of such Cars for such period; plus interest on such excess at the rate of 10% per annum commencing on the date of such notice. Such present worths are to be computed in each case by discounting such rental payments at a rate of 9 1/4% per annum, compounded monthly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated to the time of such termination, and (ii) any expenses incurred in the retaking, storage, repairing and lease, sale or other disposition, and reasonable attorneys' fees incurred by Lessor, plus an amount equal to accrued taxes and other amounts payable hereunder by Lessee with respect to the Cars, all costs, expenses, losses, and damages incurred or sustained by Lessor by reason of such default, at interest at the rate of 10% per annum on each of the foregoing items in this subparagraph (ii) and on all sums not paid when due under this Lease.

If on the date of such termination or repossession any Car is damaged, lost, stolen or destroyed, or subject to requisition, take over or nationalization by any governmental agency or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessee shall also remain liable for payment of the amounts specified in Section 10 hereof.

The remedies in this Lease provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity. Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify any of the remedies herein provided, to the extent that such waiver is permitted by law. No delay or omission of Lessor in the exercise of any power or remedy given herein shall be deemed a waiver of such power or remedy. In the event that Lessor shall bring suit and be entitled to judgment hereunder, then Lessor shall be entitled to recover reasonable expenses, including attorneys' fees and the amount thereof shall be included in such judgment.

SECTION 13. POSSESSION AND USE OF THE CARS. Unless an Event of Default shall have occurred and be continuing, Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease. Lessee shall not, without the prior written consent of Lessor, part with the possession or control of, or suffer or allow to pass out of his possession or control, any of the Cars, except that Lessee may permit the use thereof or any part thereof by other railroad companies in the usual interchange of traffic.

SECTION 14. ANNUAL REPORT. Lessee will furnish to Lessor on or before May 1 in each year commencing May 1, 1977, and on such other date or dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent or officer of Lessee, stating as of recent date (not exceeding 90 days preceding the date of such report) (a) The Manufacturer's Serial Numbers and the Railroad's Road Numbers of the Cars then subject to this Lease, (b) The Manufacturer's Serial Numbers and the Railroad's Road Numbers of all Cars that have become lost, destroyed, or irreparably damaged since the date of the previous report (or since the date hereof in the case of the first such report), (c) The Manufacturer's Serial Numbers and the Railroad's Road Numbers of all serviceable Cars, (d) That all Cars then subject to this Lease have been kept in good order and repair or, if such be the case, the Manufacturer's Serial Numbers and the Railroad's Road Numbers of all Cars then awaiting repairs or being repaired in accordance with Section 9 hereof, (e) That the stenciled name and numbers affixed to the Cars as the stenciled name and numbers affixed to the Cars as required by Section 6 hereof have remained and presently are affixed to each side of each Car, and such plates have not been painted over or otherwise made inconspicuous or defaced, and (f) That, to the best of his knowledge, no Event of Default, and no event which with the giving of notice and lapse of time, or the giving of notice or lapse of time, would constitute an Event of Default, has occurred during the year immediately preceding the date as of which such report is made, or, if any such Event of Default or other such event has occurred, specifying the same and the nature and the status thereof. Lessee will furnish copies of such reports to such persons as Lessor may from time to time designate in writing to Lessee. Lessor shall have the right, by its agents, to inspect the Cars and/or Lessee's records with respect thereto at reasonable times and places and upon reasonable notice during the continuance of this Lease or any extension thereof.

SECTION 15. ASSIGNMENT.

(a) All rights, benefits, and advantages of Lessor hereunder may be assigned, pledged, mortgaged, transferred, or otherwise disposed of, either in whole or in part, and/or Lessor may assign, pledge, mortgage, transfer, or otherwise dispose of title to the Cars, with or without notice to Lessee. In the event of any such assignment, pledge, mortgage, transfer, or other disposition, this Lease and all of Lessee's rights under this Lease, and all rights of any person, firm, or corporation who claims or who may hereafter claim any rights under this Lease under or through Lessee, are hereby made subject and subordinate to the terms, covenants, and conditions of any chattel mortgages, security agreements, conditional sale agreements, and assignments, and/or equipment trust agreements covering the Cars or any of them heretofore or hereafter created and entered into by Lessor, its successors or assigns, and to all of the rights of any chattel mortgagee, secured party assignee, trustee, or other holder of the legal title to the Cars. Any assignment or transfer of Lessee's leasehold interest hereunder in the Cars and possession thereof permitted by this Section 15 that is made by Lessee, his successors or assigns, shall contain language which expressly makes such sublease subject to the subordination contained in this Subsection 15 (a). At the request of Lessor or any chattel mortgagee, secured party, assignee, trustee, or other holder of the legal title to the Cars, the Cars may be lettered or marked to identify the legal owner of the Cars at no expense to Lessee. If during the continuance of this Lease any such marking shall at any time be removed or become illegible, wholly or in part, Lessee shall immediately cause such marking to be restored or replaced, at Lessor's expense. No such assignment by Lessor shall subject any assignee to or relieve Lessor from any obligation of Lessor hereunder.

(b) Lessee, without the prior written consent of Lessor, shall not sell, assign, transfer, or encumber their leasehold interest under this Lease in any of the Cars or sublet any of the Cars, except that Lessee may assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any railroad which shall have assumed all of the obligations hereunder of Lessee and into or with which Lessee shall have merged or consolidated (except to the extent that the provisions of any mortgage now or hereafter created on any of the lines of railroad or Lessee or any other liens authorized by the Court in the proceedings for the reorganization of the Railroad may subject such leasehold interest to the lien thereof). Any assignment prohibited by this Section 15 shall be void.

(c) Nothing in this Section 15 shall be deemed to limit the right of Lessee to assign and transfer Lessee's leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company (as hereinafter defined), or to a governmental agency established to acquire railroad equipment provided that all the obligations then existing or to accrue of Lessee under this Lease shall be assumed as a general obligation by such Reorganized Company or governmental agency.

(d) After any assignment and transfer of Lessee's leasehold interest hereunder in the Cars and the possession thereof as above permitted nothing in this Section 15 shall be deemed to limit the right of the Reorganized Company (as hereinafter defined) as successor to Lessee, at any time further to assign and transfer their leasehold interest hereunder in the Cars and the possession thereof to any successor corporation which shall have assumed all of the obligations hereunder of Lessee and into or with which such Reorganized Company shall have merged or consolidated or which shall have acquired all or substantially all of the property of

such Reorganized Company; nor shall anything in this Section 15 be deemed to limit such successive assignments and transfers.

(e) The term "Reorganized Company" shall mean any corporation (which may be the Railroad) or governmental agency which acquires the greater portion of the lines of railroad comprised in the Railroad's estate upon termination of the trusteeship of the property of the Railroad, and thereafter shall include any successor which shall have become such in compliance with paragraph (d) of this Section 15.

(f) The term "Lessee" whenever used in this Lease means William M. Gibbons, Trustee of the property of the Railroad, as well as any successor or additional trustees of such property, before any assignment and transfer of Lessee's leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 15 and thereafter shall mean any Reorganized Company.

(g) The liabilities and obligations of said Trustee, William M. Gibbons, as well as of any such successor or additional trustees, under and in respect of this Lease, are the liabilities of such Trustee as trustee of the property of the Railroad, and not individually. Said Trustee and any successor or additional trustees shall not be relieved of his liabilities or obligations as such Trustee under or in respect of this Lease, except upon any assignment and transfer of Lessee's leasehold interest hereunder in the Cars and the possession thereof to a Reorganized Company as hereinbefore provided in this Section 15.

SECTION 16. RETURN OF CARS. Upon expiration of the term of this Lease, or if Lessor shall rightfully demand possession of the Cars pursuant to this Lease or otherwise, Lessee shall forthwith deliver the possession of the Cars to Lessor. For such purpose, Lessee shall, at his own cost and expense, forthwith assemble the Cars and place them upon such storage tracks of Lessee as Lessor may designate, or, in the absence of such designation, as Lessee may select, and Lessee shall permit Lessor to store said Cars on such tracks for a period not exceeding one-hundred (100) days from the date that all Cars are so assembled at the risk of Lessor, and shall at his own cost and expense transport or cause to be transported the same or any thereof, at any time within such one-hundred (100) day period to any place or places on the lines of railroad operated by him or to any connecting carrier for shipment, all as directed by Lessor. The assembling, delivery, storage, and transporting of the Cars as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee so as to assemble, deliver, store, and transport the Cars.

SECTION 17. Without in any way limiting the obligation of Lessee under the foregoing provisions contained hereunder, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any Car to Lessor, to demand and take possession of such Car in the name and behalf of Lessee from whomsoever shall be at the time in possession of such Car.

Except as otherwise provided in Section 10 hereof, in the event that any Car or Cars subject to this Lease are not redelivered to Lessor on or before the date on which the term of this Lease expires, all of the obligations of Lessee under this Lease with respect to such Car or Cars shall remain in full force and effect until such Car or Cars are redelivered to Lessor.

SECTION 18. MODIFICATION OF LEASE. This Lease exclusively and completely states the rights of Lessor and Lessee with respect to the Cars. No modification, variation, termination, discharge, or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee, or the successors, transferees or assigns of either, subject, however, to the limitations on assignment hereof by Lessee. No such variation, termination, discharge, or abandonment shall affect the rights and duties of Manufacturer, unless signed by a duly authorized officer of Manufacturer.

SECTION 19. SECTION HEADINGS AND CERTAIN REFERENCES. All section headings are inserted for convenience only and shall not affect any construction or interpretation of this Lease. Unless otherwise indicated, all references herein to sections, subsections, clauses, and other subdivisions refer to the corresponding sections, subsections, clauses, and other subdivisions of this Lease; the words "herein," "hereof," "hereby," "hereto," "hereunder," and words of similar import refer to this Lease as a whole and not to any particular section, subsection, clause, or other subdivision hereof, and reference to a numbered or lettered subdivision of a section shall include relevant matter within the section which is applicable to but not within such numbered or lettered subdivision.

SECTION 20. CERTAIN APPLICABLE LAWS. Any provision hereof prohibited by or unlawful or unenforceable under any applicable law or any jurisdiction shall as to such jurisdiction be ineffective without modifying the remaining provisions of this Lease. Where, however, the provisions of any such applicable law may be waived, they are hereby waived by Lessee to the full extent permitted by law, to the end that this Lease shall be deemed to be valid, binding agreement enforceable in accordance with its terms.

SECTION 21. 360 DAY YEAR. Computations hereunder involving the determination of interest or discount shall be made on the basis of a 360-day year of twelve 30-day months.

SECTION 22. NOTICES. All demands, notices, and other communications hereunder shall be in writing and shall be deemed to have been duly given when personally delivered or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to the Lessor:

Charles F. Kaye, President
XTRA, Inc.
150 Causeway Street
Boston, Massachusetts 02114

If to the Lessee:

Trustee of the Property of
Chicago, Rock Island, & Pacific Railroad

Attention: Ben Crume, Treasurer
745 S. LaSalle Street
Chicago, Illinois 60605

or to such other addresses as may hereafter be furnished in writing by either party to the other.

SECTION 23. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the Commonwealth of Massachusetts.

SECTION 24. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of Sections 8, 11, 12, 15, and 16 hereof shall survive the expiration or termination hereof.

SECTION 25. SUCCESSORS AND ASSIGNS. Subject to the provisions of Section 15, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns, and no other persons shall have or acquire any right under or by virtue of this Lease.

SECTION 26. EXECUTION IN COUNTERPARTS. This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original, and all such counterparts together shall constitute but one and the same instrument.

SECTION 27. RECORDING. Lessee, without expense to Lessor, will cause this Lease and all amendments, supplements, and assignments hereof or thereof, to be duly filed and recorded and re-filing and re-recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act, 49CFR, Part 116. Lessee will promptly furnish to Lessor certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to Lessor of Counsel for Lessee, or an attorney designated by him satisfactory to Lessor, with respect thereto. In addition, Lessee shall do and perform all such other acts as may be required by law, or reasonably requested by Lessor, for the protection of Lessor's title to and interest in the Cars.

SECTION 28. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS. Lessee agrees that, during the continuance of this Lease, 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 the 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 Lessee under this Lease 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 Railroad or Lessee (except the rolling stock involved in the particular transaction) unless the obligations of Lessee under this Lease are equally and ratably secured thereby.

SECTION 29. This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or set off against rent, including, but not limited to, abatements, reductions or set offs due or alleged to be due to, or by reason of, any past, present, or future claims involving this Lease or other dealings between Lessor and Lessee.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and a duly authorized representative of the Lessee has executed this Lease, all as of the 29th day of October, 1976.

XTRA, Inc.

By: Karla Vaha

Title: Exec. V.P.

AUTHORIZED REPRESENTATIVE OF

WILLIAM M. GIBBONS, TRUSTEE OF THE
PROPERTY OF THE CHICAGO, ROCK ISLAND AND
PACIFIC RAILROAD COMPANY, DEBTOR

By: _____

Title: _____

SCHEDULE A

<u>Description and Serial Number</u>	<u>Specification Number and Date</u>	<u>Units</u>	<u>Railroad's Road Number</u>	<u>Unit Cost</u>	<u>Total</u>
60' 9" 70-ton high roof boxcars	C-76-0318-2 dated March 18, 1976	30	532585 532594	\$39,525.36	\$1,185,760.80

EXHIBIT C
RENT PER CAR

Term (15 Years)

Monthly Rent/Car = \$480.90

Rent based on

40¢/day per \$1,000 of Value (original cost of the car)

or
\$480.90

XTRA, INC.
150 Causeway Street
Boston, Massachusetts 02114

EXHIBIT E
STIPULATED LOSS VALUE

Whenever a car _____ is lost, stolen, or destroyed and the occurrence of such event has been made known to XTRA listed above, Lessee shall pay and XTRA shall accept compensation calculated by the following formula:

Valuation is the result of multiplying (Depreciated Value (A)) by the (Cost Factor for the year the Car _____ is lost, stolen, or destroyed (B)) and then dividing by the (Cost Factor for the year the Car _____ was built (C)). Thus, Valuation equals $\frac{A \times B}{C}$.

Depreciated Value is found in Table I with the corresponding Car _____ age, which for the purposes of this Agreement is the period of months beginning with the month shown on XTRA's Certificate of Origin and continuing and including the month the Car _____ is lost, stolen, or destroyed.

The aforementioned Cost Factors are based on the Wholesale Prices and Price Index, for Transportation Equipment, which is published by the Bureau of Labor Statistics, U.S. Department of Labor. This Index is a publication which provides an average annual Cost Factor for previously completed years and a monthly Cost Factor for previous months of a current, uncompleted year. Monthly Cost Factors are used to calculate the average annual Cost Factor.

In determining the Cost Factor for the year that a Car _____ is lost, stolen, or destroyed, the average annual Cost Factor will be used, except, however, that if the Car _____ is lost, stolen, or destroyed in a year for which an average annual Cost Factor is not yet available, then the most recent monthly Cost Factor available at the time that the car _____ was lost, stolen, or destroyed shall be used.

In determining the Cost Factor for the year that the Car _____ was built, the average annual Cost Factor will be used, except, however, that if the Car _____ was built in a year for which an average annual Cost Factor is not available, then the most recent monthly Cost Factor available at the time the Car _____ was lost, stolen, or destroyed shall be used. Cost factors for 1968 to present are found in Table II.

7/01/78

JOB C51120 ROCK ISLAND RAILROAD
LIST OF CARS TO BE REHABILITATED WITH FUNDS
PROVIDED BY SECTION 511, 4 R ACT LOAN

PAGE 40

INIT	NUMBER	CAR TYPE	O/L	LESSOR	TALLY
ROCK	532582	BOX-EQ	L	N50	
ROCK	532591	BOX-EQ	L	N50	
TYPE TOTAL					2
LESSOR TOTAL					2
OL TOTAL					5729