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INTERSTATE COMMERCE COMMISSION

# EQUIPMENT LEASE

**No. 1**

**Dated as of June 1, 1974**

**between**

**FIRST SECURITY BANK OF UTAH,**
**NATIONAL ASSOCIATION, as Trustee**
**Lessor**

**and**

**NATIONAL RAILROAD PASSENGER CORPORATION,**
**Lessee**

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**Guaranty by Department of Transportation**

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**7 GE Locomotives**

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Schedule A—Description of Equipment

Schedule B—Determination of Basic Lease Rate

Schedule C—Schedule of Casualty Value

Schedule D—Schedule of Maximum Purchase Price

Schedule E—Additional Information

# EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of June 1, 1974 between FIRST SECURITY BANK OF UTAH, NATIONAL ASSOCIATION, not in its individual capacity but solely as Trustee under a Trust Agreement (the "Trust Agreement") dated as of June 1, 1974 (the "Lessor") for the trustor named in Schedule E hereto (the "Trustor"), and NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act of 1970, as amended, and the laws of the District of Columbia (the "Lessee");

WITNESSETH:

## SECTION 1. MANUFACTURE AND DELIVERY OF EQUIPMENT.

**1.1. Intent to Purchase, Sell and Lease.** The Lessee is purchasing certain equipment (collectively the "Equipment" and individually an "Item of Equipment") described in Schedule A attached hereto and made a part hereof pursuant to a Conditional Sale Agreement (the "Conditional Sale Agreement") dated as of June 1, 1974 with General Electric Company (the "Manufacturer"). Upon delivery of each Item of Equipment by the Manufacturer, and the execution and delivery by and on behalf of the Lessee of a Certificate of Acceptance therefor, substantially in the form of Exhibit 1 to the Conditional Sale Agreement, the Lessee, prior to placing such Item of Equipment in service, is selling such Item of Equipment to the Lessor in its capacity as Trustee for the Trustor with respect to a separate and distinct Subtrust, subject to the provisions of the Conditional Sale Agreement, pursuant to the Sale and Lease Back Agreement dated as of June 1, 1974, between the Lessor and the Lessee (the "Sale and Lease Back Agreement"). The Lessor agrees to lease and let each such Item of Equipment to the Lessee and the Lessee agrees to hire such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth. Certain equipment, other than the Equipment, is also being purchased by the Lessee pursuant to the Conditional Sale Agreement, is being sold to the Lessor pursuant to the Sale and Lease Back Agreement and is being leased to the Lessee pursuant to other leases, substantially the same as this Lease, dated as of the date hereof, between Lessor and Lessee (the "Other Leases"). The Acquisition Cost (as defined in Section 2.2 hereof) of each Item of Equipment leased hereunder shall not exceed the maximum base price per unit set forth in the first paragraph of Article 3 of the Conditional Sale Agreement.

**1.2. Inspection and Acceptance.** Upon delivery of each Item of Equipment by the Manufacturer, an authorized representative of the Lessee will inspect such Item of Equipment and if such Item of Equipment tendered for delivery appears to meet the specifications, such representative will accept delivery thereof and execute and deliver to the Manufacturer and the Lessor duplicate Certificates of Acceptance.

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

## SECTION 2. RENTS AND PAYMENT DATES.

**2.1. Rent for Equipment.** The Lessee agrees to pay the Lessor the following rent for each Item of Equipment:

(a) **Interim Rent.** For each Item of Equipment, as Interim Rent (i) an amount equal to the Acquisition Cost thereof multiplied by a percentage equal to ¾ of 1% in excess of the prime interest rate of Bank of America National Trust and Savings Association (being the best rate of interest

charged by Bank of America National Trust and Savings Association to its prime large commercial customers on short-term unsecured borrowings) from time to time in effect, computed on the basis of a 360-day year and actual days elapsed, for the rental period from and including the date of delivery of a bill of sale to the Lessor for such Item of Equipment to the date on which the long-term institutional lenders (as defined in Section 25.1(b) hereof) acquire the interest of the Vendor (as defined in the Conditional Sale Agreement) pursuant to Section 25.1(b) hereof (hereinafter called "the Assignment Date"), in respect of all the Equipment, plus an amount equal to the guaranty fee payable by the Lessor, as Trustee, in respect of the Maximum Purchase Price (as defined in Section 16.2 hereof) of the Equipment to the Federal Railroad Administrator of the Department of Transportation of the United States of America (the "Administrator") under the Government Guaranty (as defined in Section 15 hereof) in respect of such rental period (the "Guaranty Fee") and (ii) an amount equal to $^1/_{180}$th of the Basic Lease Rate (as defined in Section 2.1 (b) hereof of the Acquisition Cost of each Item of Equipment subject to this Lease) for each day elapsed from the Assignment Date to the Term Lease Commencement Date (as defined in Section 2.2 hereof) or the date of the Lessee's purchase of the Equipment from the Lessor pursuant to Section 25.1 hereof, whichever is later, plus an amount equal to the Guaranty Fee payable in respect of such rental period.

(b) **Periodic Rent.** For each Item of Equipment 30 semiannual installments of Periodic Rent payable in an amount equal to (i) that percentage of the Acquisition Cost (herein called the Basic Lease Rate) of such Item of Equipment set forth in the appropriate column of Schedule B hereto opposite the applicable Long Term Debt Rate (as defined in the Conditional Sale Agreement) plus (ii) an amount equal to the Guaranty Fee payable in respect of each rental period. If the applicable Long Term Debt Rate is not expressly set forth in the appropriate column of Schedule B, the Basic Lease Rate shall be interpolated or extrapolated from the percentages appearing in such column of Schedule B. In determining the Basic Lease Rate, Column A of Schedule B shall be used for each Item of Equipment settled for prior to January 1, 1975 and Column B of Schedule B shall be used for each Item of Equipment settled for on or after January 1, 1975.

**2.2. Rent Payment Dates; Acquisition Cost.** The Term Lease Commencement Date (herein "Term Lease Commencement Date") for all Items of Equipment shall be July 15, 1975. Interim Rent shall be due and payable on the Assignment Date with respect to Interim Rent accrued to such date and on the Term Lease Commencement Date with respect to Interim Rent accrued to such date. The installments of Periodic Rent for each Item of Equipment shall be due and payable semiannually following the Term Lease Commencement Date on January 15 and July 15 of each year, commencing January 15, 1976. The term "Acquisition Cost" as used herein shall mean, with respect to each Item of Equipment, the cost to the Lessor of the acquisition and delivery of such Item of Equipment (including the unpaid amount of the Conditional Sale Indebtedness (as defined in the Conditional Sale Agreement) with respect to such Item assumed by the Lessor).

**2.3. Place and Manner of Rent Payment.** The Lessor irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments provided for in this Lease in immediately available San Francisco or Federal funds (including but not limited to the payments required under Section 11 hereof) for the account of the Lessor, care of the Vendor, Bank of America Center, Box 37070, San Francisco, California 94137, attention of the National Division—Leasing (or at such other place as the Vendor shall specify in writing) on or before 10:00 a.m., San Francisco time, on the date upon which payments are due and payable. With respect to payments made in immediately available funds, the Lessee will instruct the bank transferring said funds on the Lessee's behalf to wire advice of said transfer to Bank of America National Trust and Savings Association, to the attention of its National Division—Leasing not later than 10:00 a.m. San Francisco time on the rental payment date. With respect to payments made in Federal funds, the Lessee will instruct the Bank transferring said funds on the Lessee's behalf to make said transfer to the attention of the National Division—Leasing of Bank of America National Trust and Savings Association.

**2.4. Net Lease.** This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent or reduction thereof, including, but not limited to, abatements or reductions due to any present or future claims of the Lessee against the Lessor under this Lease or otherwise or against the Manufacturer of the

Equipment, nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Equipment (except for any defect or failure of title resulting from acts or omissions of the Lessor) or any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of the Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment is made available to Lessor, or until, pursuant to Sections 16, 23.1 or 25 hereof, the Lessee shall purchase the Equipment; provided, however, that neither this Section 2.4 nor any other provision of this Lease shall preclude any separate, independent claim (not by way of any abatement or reduction of any amount at any time payable by the Lessee hereunder) by the Lessee for the breach of any representation, covenant, undertaking or agreement made herein by the Lessor for itself or for the Trustors (as defined in Section 26.12 hereof).

**SECTION 3. TERM OF THE LEASE.**

The term of this Lease as to each Item of Equipment shall begin on the date of delivery of a bill of sale to the Lessor for such Item of Equipment and subject to the provisions of Sections 11, 16, 23.2 and 25 hereof shall terminate, in the case of each Item of Equipment, 15 years following the Term Lease Commencement Date.

**SECTION 4. OWNERSHIP AND MARKING OF THE EQUIPMENT.**

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

**4.2. Duty to Number and Mark Equipment.** The Lessee will cause each Item of Equipment to be kept numbered with its road number as set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked by a plate or stenciled upon each side of each Item of Equipment in letters not less than one inch in height as follows:

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

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

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

**4.4. Indemnification for Improper Marking.** The Lessee shall indemnify the Lessor and the Trustors against any liability, loss or expense incurred by any of them as a result of any act or omission of the Lessee which is inconsistent with Sections 4.2 or 4.3 hereof.

## *SECTION 5. DISCLAIMER OF WARRANTIES.*

AS BETWEEN LESSOR AND LESSEE, LESSOR LEASES THE EQUIPMENT, AS-IS, WITHOUT WARRANTY OR REPRESENTATION EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE LESSOR'S TITLE THERETO, (C) INTERFERENCE BY ANY PARTY OTHER THAN LESSOR WITH THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (D) ANY OTHER MATTER WHATSOEVER (other than Lessor's Warranty), IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have as owner of the Equipment against the Manufacturer in respect thereof. "Lessor's Warranty" shall mean as to any property a warranty by the Lessor that: (i) the Lessor has received whatever title (subject to the security title of the Vendor) to such property as was conveyed to the Lessor by the Lessor's predecessor in title to such property; and (ii) such property will be free of all liens, charges, encumbrances, claims or security interests which either (A) result from action taken or omissions to act by the Lessor which are not expressly permitted by this Lease or which are not expressly requested or consented to by the Lessee in writing or (B) result from action taken or omissions to act by the Lessor other than with respect to the Equipment or in connection with this Lease.

## SECTION 6. LESSEE'S INDEMNITY.

**6.1. Scope of Indemnity.** Except as provided in Sections 12.3, 13, 18 and 26.1 hereof, the Lessee shall defend, indemnify and save harmless the Lessor and the Trustors from and against any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may reasonably be incurred in any manner by or for the account of any of them (i) relating to the Equipment or any part thereof, including without limitation the construction, purchase, delivery, installation, ownership, leasing or return of the Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessor or by the Lessee), (ii) by reason or as the result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent infringements or (iv) based on any event which results in any claim for negligence or strict liability in tort.

**6.2. Continuation of Indemnities and Assumptions.** The indemnities and assumptions of liability contained in this Section 6 shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in clause (i), (ii) or (iv) of Section 6.1 hereof occurring after the termination of this Lease or in respect of any matters referred to in clause (iii) of Section 6.1 hereof arising out of alterations to the Equipment by the Lessor (except for any such matters occurring after such termination arising in connection with the Lessee's performance of its obligations under Sections 13 or 18 hereof). The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of any such matters indemnified against pursuant to Section 6.1 hereof, and the Lessor and the Trustors agree to cooperate with the Lessee in any such defense.

## SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply in all material respects with all applicable governmental laws, regulations, requirements and rules (including the rules of the United States Department of Transportation) with respect to the use, maintenance and operation of each Item of Equipment subject to this Lease. In case any equipment or appliance on any such Item of Equipment shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements, at its own cost.

## SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use or cause the use of the Equipment only in the United States. The Lessee shall use the Equipment only in the manner for which it was designed and intended. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, and in accordance with standards generally prevailing in the railroad industry, including making all replacements required to maintain the Equipment in good running order. Any parts installed or replacements made by the Lessee upon any Item of Equipment (except radio equipment or devices having a similar use which have been added to any such Item of Equipment by the Lessee, the cost of which is not included in the Acquisition Cost of such Item) shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor, without cost or expense to the Lessor, provided that the Lessee shall be entitled to remove any such accession so long as such removal is not inconsistent with the Lessee's obigations set forth in the preceding sentence or under Section 7 hereof.

## SECTION 9. LIENS ON THE EQUIPMENT.

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

This covenant will not be deemed breached by reason of liens for taxes, assessments or governmental charges or levies, in each case not due or 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.

## SECTION 10. FILING, PAYMENT OF FEES AND TAXES.

**10.1. Filing.** Prior to the delivery and acceptance of the first Item of Equipment, the Lessee will, at its sole expense, cause this Lease to be duly filed, registered or recorded in conformity with Section 20c of the Interstate Commerce Act, and will furnish the Lessor proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will re-file, re-register, or re-record whenever required) any and all further instruments reasonably requested by the Lessor, for the purpose of protecting the Lessor's title to, or the security interest granted to any assignee under Section 19 hereof in, the Equipment to the reasonable satisfaction of the Lessor's or such assignees's counsel or for the purpose of carrying out the intention of this Lease. The Lessee will promptly furnish to the Lessor and any assignee thereof hereunder evidence of all such filings, registering, recording, depositing, refiling, re-registering, re-recording and/or redepositing and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Lessor and any assignee thereof hereunder. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, registering, re-registering, recording and re-recording of any such instruments or incident to the taking of such action.

**10.2. Payment of Taxes.** The Lessee agrees to pay and discharge (and does hereby agree to indemnify and hold the Lessor and each Trustor harmless from and against) all sales, use, personal property, excise, leasing, leasing use, stamp or other taxes, levies, imposts, duties, charges or withholdings of any nature (together with any penalties, fines or interest thereon, unless resulting from the Lessor's action or failure to act) imposed against the Lessor, any Trustor, the Lessee or the Equipment by any Federal, state or local governmental taxing authority upon or with respect to the Equipment or upon the purchase, ownership, delivery, lease, possession, rental, use, operation, return, transfer of title or sale to the Lessee hereunder or in connection herewith, or upon the rentals or receipts arising therefrom, or upon or with respect to this Lease, the Conditional Sale Agreement, the Sale and Lease Back Agreement hereinafter defined and any document contemplated thereby (excluding, however, Federal, state and local

taxes on, or measured by, the net income of the Lessor or any Trustor); provided, however, that the Lessee shall not be required to pay or discharge any such tax, levy, impost, duty, charge or withholding so long as it shall, in good faith and by appropriate administrative or legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor to the Equipment, and the Lessee shall reimburse the Lessor for any damages or expenses resulting from such failure to pay or discharge. The Lessee agrees to assist the Lessor in the preparation, and where possible to file, on behalf of the Lessor, all required tax returns and reports relating to taxes for which the Lessee is responsible under this Section 10.2. The Lessor shall keep the Lessee informed of any claim made against the Lessor or any Trustor for the payment of any such tax, levy, impost, duty, charge or withholding. The obligations of the Lessee contained in this Section 10.2 shall survive the termination of this Lease.

## SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE.

**11.1. Duty of Lessee to Notify Lessor.** In the event that any Item of Equipment shall be or become lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease (any such occurrence, except for any requisition which does not exceed the remaining term of this Lease in respect of such Item, being hereinafter called a Casualty Occurrence), the Lessee shall within 30 days after it has knowledge of such Casualty Occurrence notify the Lessor in writing in regard thereto and specify the date such Item of Equipment was first placed in revenue service.

**11.2. Sum Payable for Casualty Loss.** The Lessee, on the rent payment date next succeeding the notification provided in Section 11.1, shall pay to the Lessor a sum equal to the Casualty Value (as defined in Section 11.5 hereof) of such Item or Items of Equipment as to which notification is given as of the date of such payment together with the rental with respect to such Item or Items of Equipment otherwise due on such date.

**11.3. Rent Termination.** Upon (but not until) payment of the Casualty Value in respect of any Item or Items of Equipment, on the date provided in Section 11.2 hereof, together with the rental with respect to such Items or Items of Equipment otherwise due on such date, the obligation to pay rent for such Item or Items of Equipment shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

**11.4. Disposition of Equipment.** The Lessee shall (unless it shall exercise the option provided in this Section 11.4), as agent for the Lessor, dispose of such Item or Items of Equipment which have suffered a Casualty Occurrence as soon as it is able to do so for the best price obtainable. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of the Lessee may retain all amounts of such price and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any (minus, to the extent it shall not exceed such excess, the fair market value of the modifications included therein, determined as provided in Section 23.1 hereof), to the Lessor. The Lessee may, at its option, retain any such Item of Equipment if the fair market value thereof (minus the fair market value of the modifications included therein), determined as provided in Section 23.1 hereof, shall not exceed the Casualty Value attributable thereto, or, if such fair market value (minus such fair market value of the modifications) shall exceed the Casualty Value attributable thereto and the Lessee shall pay to the Lessor the amount of such excess. If the Lessee shall elect to retain any such Item of Equipment as aforesaid, the Lessor shall deliver to the Lessee a bill of sale therefor as provided in Section 23.1 hereof.

**11.5. Casualty Value.** The Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid to the Lessor under Section 11.2 hereof (and not the date of the Casualty Occurrence) equal to that percentage of the Acquisition Cost of such Item of Equipment as set

forth in the Casualty Value Schedule attached hereto as Schedule C and as provided in the last sentence of this Section 11.5. The percentages appearing in Schedule C have been computed without regard to recapture of the investment credit permitted by Section 38 and related sections of the Code (as defined in Section 15 hereof). Consequently, the Casualty Value of any Item suffering a Casualty Occurrence before the third, fifth and seventh anniversary of the date such Item was placed in revenue service shall be increased by the applicable percentage of the Acquisition Price set forth in Schedule E hereto.

The Lessor and Lessee agree that in the event there is a change in Section 38 and related sections of the Code adjusting the amount of recapture of the investment credit, the foregoing percentages shall be adjusted accordingly, provided that such adjustment, shall not adversely affect the after tax results of such payment to the Trustor using the assumptions which were originally used in deriving the foregoing percentages.

**11.6. Eminent Domain.** In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for a period which does not exceed the remaining term of this Lease in respect of such Item, the Lessee's duty to pay rent with respect to such Item shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority as compensation for requisition or taking of possession to an amount equal to the rent paid or payable hereunder for such period, and the balance, if any (to the extent such amount constitutes compensation for use of the Equipment, but not otherwise), shall be payable to and retained by the Lessor as its sole property.

## SECTION 12. REPORTS AND INSPECTION RIGHTS.

**12.1. Annual Report.** The Lessee shall furnish to the Lessor, promptly upon its becoming available, a copy of its annual report to the Congress of the United States, including the financial statements contained therein.

**12.2. Equipment Reports.** On or before April 1 in each year, commencing with the year 1975, the Lessee shall furnish to the Lessor an accurate statement, as of the preceding December 31, (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the preceding calendar year (or, in the case of the first such statement, for the portion thereof commencing with the date of this Lease), and such other information regarding the condition or repair of the Equipment as the Lessor may reasonably request, (b) describing the modifications (as defined in Section 23.1(c) hereof) to the Equipment made during the preceding calendar year (or, in the case of the first such statement, for the portion thereof commencing with the date of this Lease), and (c) stating that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

**12.3. Lessor's Inspection Rights.** The Lessor shall have the right, at its sole cost and expense, by its authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease. The foregoing right of inspection shall be subject, however, to such terms and conditions of access as may be reasonably imposed by any railroad, terminal company or other entity upon the property on which the Equipment is situate at the time of any such inspection. Lessor and each Trustor hereby jointly and severally agree to indemnify and hold harmless the Lessee, its affiliates, directors, officers, agents, employees, servants and contractors from and against any claim, cause of action, damages, liability, cost or expense (including counsel fees and costs in connection therewith) which may be incurred in any manner (whether arising from personal injury, property damage or otherwise) which is in any way, directly or indirectly, attributable to the exercise of such right of inspection.

## SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, make available such Item of Equipment to the Lessor upon such tracks as the Lessor shall reasonably designate (and as to which the Lessee then has a contractual right of access), and the Lessee will arrange for the storage of such Item of Equipment on such tracks for a period not exceeding 90 days, all as directed by the Lessor upon not less than 30 days' notice to the Lessee. All movement and storage of each such Item is to be at the risk and expense of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same, but only on the terms and conditions set forth in Section 12.3 hereof, which Section the Lessor shall cause to be applicable to any such prospective purchaser and any such authorized representative. The making available, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so make available, store and transport the Equipment. During the storage period the Lessee shall maintain insurance on such Item of Equipment in accordance with Section 21 hereof.

## SECTION 14. LESSEE'S REPRESENTATIONS AND WARRANTIES.

The Lessee represents and warrants that:

(a) The Lessee is a corporation duly organized under the Rail Passenger Service Act of 1970, as amended, and the laws of the District of Columbia, is in good standing under the laws of the District of Columbia and believes that it is not required to qualify to do business as a foreign corporation in any State.

(b) The Lessee is duly authorized to execute and deliver this Lease, to lease the Equipment hereunder, and to execute and deliver the Conditional Sale Agreement (including the Certificates of Acceptance provided for thereunder), the Other Leases, and the Sale and Lease Back Agreement and to perform its obligations hereunder and thereunder.

(c) The execution and delivery of this Lease, the Other Leases, the Conditional Sale Agreement (including such Certificates of Acceptance) and the Sale and Lease Back Agreement by the Lessee, and the performance by the Lessee of its obligations hereunder and thereunder, do not and will not conflict with any provision of existing law or of the Articles of Incorporation or bylaws of the Lessee or, in any material respect, of any agreement binding upon the Lessee.

(d) The execution, delivery and performance of this Lease, the Other Leases, the Conditional Sale Agreement (including such Certificates of Acceptance) and the Sale and Lease Back Agreement by the Lessee and the consummation by the Lessee of the transactions contemplated hereby and thereby do not require the consent, approval or authorization of, or notice to, any Federal or District of Columbia authority, or, to the Lessee's belief, any other governmental authority.

(e) This Lease, the Other Leases, the Conditional Sale Agreement and the Sale and Lease Back Agreement are, and the Certificates of Acceptance will be when entered into, legal, valid and binding obligations of the Lessee enforceable against the Lessee in accordance with their respective terms, subject to bankruptcy, insolvency, reorganization and similar laws affecting the rights and remedies of lessors, creditors and secured parties.

(f) Each Item of Equipment will constitute "new section 38 property" within the meaning of Section 48(b) of the Code (as defined in Section 15 hereof), at the time of delivery of the Equipment to the Lessor under the Sale and Lease Back Agreement, the Equipment will not have been placed in service by the Lessee and no person will have claimed any investment credit or amortization or depreciation deductions with respect thereto; and each Item of Equipment will be placed in revenue service on or before June 30, 1975.

(g) Each Item of Equipment on the date of delivery thereof to the Lessor is, in the opinion of the Lessee, estimated to have a useful life of at least two years beyond the expiration of the term of the Lease and estimated to have a fair market value at the end of the term of the Lease of at least 15% of the Acquisition Cost for such Item of Equipment.

## SECTION 15. CONDITIONS TO LESSOR'S OBLIGATIONS; GOVERNMENT GUARANTY.

The Lessor shall not be obligated to purchase any Item of Equipment to be purchased by the Lessor under the Sale and Lease Back Agreement, and to lease such Item of Equipment hereunder, unless, on the date such purchase is requested by the Lessee: (a) the Lessor shall have been furnished with a certificate signed by a duly authorized officer of the Lessee stating that (i) all of the Lessee's representations and warranties in Section 14 of this Lease are true and correct as though made as of such date, (ii) no litigation or governmental proceedings are pending or, to the Lessee's knowledge, threatened against the Lessee which may to a material extent adversely affect the continued operation of the Lessee, and (iii) no event of default, or event which might mature into an event of default, has occurred or is continuing; (b) the Government Guaranty shall have been executed and delivered by the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation, the Lessor and the Vendor, and shall be in full force and effect; (c) the Lessee shall have furnished in form and substance reasonably satisfactory to the Lessor: (i) resolutions of the Board of Directors of the Lessee, certified by its Secretary or an Assistant Secretary, authorizing the lease of such Equipment hereunder and the execution, delivery and performance of this Lease, the Other Leases, the Conditional Sale Agreement and the Sale and Lease Back Agreement, (ii) evidence of compliance with the insurance provisions of Section 21 of this Lease, (iii) a favorable opinion of counsel for the Lessee regarding the matters set forth in paragraphs (a) through (e) of Section 14 of this Lease (except that (A) with respect to paragraph (c) such counsel's opinion may be limited to Federal and District of Columbia laws and, insofar as it covers "any agreement binding upon the Lessee", may be qualified to relate only to agreements of which such counsel has knowledge, (B) with respect to paragraphs (a) and (d) such counsel's opinion need not extend to matters expressed as the belief of the Lessee, and (C) with respect to paragraph (e) such counsel's opinion insofar as it covers enforceability of any of the instruments referred to therein need relate only to the enforceability thereof under the laws of the District of Columbia), and stating that the Lease, the Other Leases, and the Sale and Lease Back Agreement have been duly filed with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act and no other filing or recordation is necessary for the protection of the rights of the Lessor under such instruments in any state of the United States of America or in the District of Columbia, (iv) such releases, financing statements, waivers and other documents as the Lessor may reasonably request to insure that the Equipment will not be subject to any lien, charge, encumbrance, security interest or other similar interest (other than the security interest created by the Conditional Sale Agreement), and (v) an opinion of the general counsel of the Department of Transportation, in form and substance satisfactory to the Lessor, that the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation has the power under the Rail Passenger Service Act of 1970, as amended, to execute and deliver the Government Guaranty, that such execution and delivery has been duly authorized, and that the Government Guaranty has been duly executed and delivered and constitutes a valid, binding and enforceable general obligation of the United States of America backed by the full faith and credit of the Government of the United States and all necessary approvals of the Secretary of the Treasury have been obtained; (d) the Lessor shall have been furnished with an opinion of special counsel to the Lessor, in form and substance satisfactory to the Lessor, with respect to Section 5 of the Government Guaranty; and (e) the Lessor shall have been furnished with copies of all of the documents delivered to Bank of America National Trust and Savings Association, as assignee, pursuant to Section 4 of the Agreement and Assignment dated as of June 1, 1974, between the Manufacturer and Bank of America National Trust and Savings Association. The "Government Guaranty", as that term is used in this Lease, shall mean the Guaranty Agreement, dated the date of execution and delivery of this Lease, among the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation, the Lessor and Bank of America National Trust and Savings Association, as assignee of the Manufacturer under the Conditional Sale Agreement.

Notwithstanding any other provisions of this Lease, the Lessor shall not be obligated to make payment for any Item of Equipment if on or prior to the requested date of payment there shall have been any amendment, modification, addition or change (other than a change in tax rates) made in or to the provisions of the Internal Revenue Code of 1954, as amended (the "Code"), the Treasury Regulations under the Code (including the Treasury Regulations relating to the Asset Depreciation Range System of depreciation under Section 167(m) of the Code), published Internal Revenue Service Revenue Procedures, published Internal Revenue Service Revenue Rulings or other published Internal Revenue Service administrative interpretations, or applicable judicial precedents (any of the foregoing being hereinafter referred to as a "Change in Tax Law"), which Change in Tax Law in the reasonable written opinion of Messrs. Foley & Lardner (a copy of which opinion shall be furnished to the Lessee), might reasonably be expected to preclude Trustors from claiming tax benefits on a basis that is at least as favorable as that to which Trustors would be entitled under the Internal Revenue Service ruling referred to in Section 25.1(a) hereof (whether or not such ruling has been issued) or from taking (a) investment credit at the rate of 7% on the full Acquisition Cost for the Equipment on the basis that such property is "new section 38 property" or (b) depreciation deductions with respect to the full Acquisition Cost for the Equipment over an asset depreciation period of 12 years to a gross salvage value of 15% of Acquisition Cost, as reduced by 10% of the Acquisition Cost as provided in Section 167(f) of the Code, computed initially under the double declining balance method of depreciation provided in Section 167(b)(2) of the Code and then changing to the sum-of-the-years digits method of depreciation provided in Section 167(b)(3) of the Code, with the annual allowance determined without reduction for salvage.

## SECTION 16. RIGHT OF LESSOR TO TERMINATE FOR TAX REASONS.

**16.1. Events Giving Rise to Right to Terminate.** If, in the reasonable written opinion of Messrs. Foley & Lardner (rendered promptly after the occurrence of any of the events specified in clauses (a), (b), (c) or (d) of this sentence), either

(a) the Internal Revenue Service shall have questioned the validity or applicability of any Internal Revenue Service Ruling issued pursuant to Section 25.1(a) hereof; or

(b) such Ruling shall have ceased to be in full force and effect; or

(c) any Change in Tax Law shall have occurred which will materially adversely affect the Trustor's ability to realize tax benefits on a basis that is at least as favorable as that to which the Trustor would otherwise have been entitled under such Ruling; or

(d) the Lessee takes or fails to take any action whatsoever which would cause any item of Equipment to cease to be "section 38 property" within the meaning of Section 48(b) of the Code (as defined in Section 15 hereof)

(any of the foregoing being hereinafter referred to as a "Loss of Tax Benefits"); then the Lessor shall, promptly upon such Loss of Tax Benefits, notify the Lessee of such occurrence (which notice shall be accompanied by a copy of such opinion and by a statement of the material facts on the basis of which it is claimed that any Loss of Tax Benefits has occurred) and the Trustor shall forbear payment of any tax claimed for at least 30 days after the giving of such notice. Within 30 days after the giving of such notice, the Lessee shall give to the Lessor and the Lessor shall give to the Lessee notice of the Lessee's or the Trustor's decision, as the case may be, as to whether or not such Loss of Tax Benefits shall be contested pursuant to Section 16.3 hereof. In the event that there shall be a contest of such Loss of Tax Benefits pursuant to Section 16.3 hereof and there is a termination of such contest sustaining such Loss of Tax Benefits (or if the parties decide that there shall be no contest of such Loss of Tax Benefits or if the Lessee shall admit in writing to the Lessor the applicability of the first proviso to the first sentence of Section 16.2 hereof), the Lessor shall, within 30 days of such termination (or decision not to contest or admission in writing by the Lessee), notify the Lessee whether or not the Trustor will require the Lessee to purchase all or any part of the Equipment subject to such Loss of Tax Benefits, and, if such purchase is required, the Lessee shall purchase, on the next rent payment date hereunder, from the Lessor such Items of Equipment

then subject to this Lease as are specified in such notice for a purchase price determined as of the date of payment hereunder by subtracting (i) the unpaid principal amount of the Conditional Sale Indebtedness applicable to such Items of Equipment, from (ii) the sum of (x) the aggregate Casualty Value for such Items of Equipment and (y) any other amounts owing by the Lessee to the Lessor hereunder. Such purchase price shall be payable at the office of the Lessor in Salt Lake City, Utah, in immediately available funds against delivery by the Lessor of a bill of sale conforming to the requirements of Section 23.1(a) hereof, except that such conveyance shall be subject to the security title of the Vendor, provided that such purchase price shall be increased by any amount payable by the Lessee to the Lessor as damages pursuant to Section 16.2 hereof. If, on the date of payment of such purchase price, any amount payable by the Lessee to the Lessor as damages pursuant to Section 16.2 hereof has not been determined, such amount shall be payable promptly following the determination thereof.

**16.2. Limitation on Rights of Lessor and Trustor.** Except as provided in Section 16.1 hereof, neither the Lessor nor the Trustor shall have any claim or right whatsoever against the Lessee based upon a Loss of Tax Benefits; provided, however, that if the Trustor can sustain the burden of proving (or the Lessee shall admit in writing) that either of the events contemplated by Section 16.1(a) or Section 16.1(b) hereof has resulted in material part from (i) any information furnished by the Lessee to the Lessor for uses relating to such Ruling (and certified by an officer of the Lessee) proving to be fraudulent, untrue, incorrect, inaccurate, misleading, unreasonable or insufficient in whole or in part, (ii) the Lessee, or any officer, employee, agent or counsel thereof, failing to state any material fact in connection with the obtaining of such Ruling, (iii) the Lessee, or any officer, employee, agent or counsel thereof, taking or failing to take any action whatsoever (including, without limitation, any action in respect of the Lessee's income tax returns) which is inconsistent with or in contravention of any of the matters set forth in such Ruling or which constitutes a breach of any representation or warranty set forth in clauses (f) and (g) of Section 14 hereof, then the Lessee shall pay to the Lessor, as part of the purchase price under Section 16.1 hereof, the amount of any damages, including any Loss of Tax Benefits not otherwise provided for by payment of the amounts specified in Section 16.1 hereof (but not exceeding in any event the excess of the amount (hereinafter the "Maximum Purchase Price") provided for in Schedule D attached hereto and made a part hereof over the amount provided for in Schedule C, both amounts being determined with respect to the applicable Item or Items of Equipment in respect of which there is a Loss of Tax Benefits and as of the date of payment under Section 16.1 hereof), which have resulted in material part from any of the matters referred to in the preceding clauses (i), (ii) or (iii) hereof; provided, further, however, that neither the Lessor nor the Trustor shall be entitled to such damages unless it shall, upon the occurrence of either of the events contemplated by Section 16.1(a) or Section 16.1(b) hereof, promptly give the notices contemplated by, and otherwise proceed in accordance with, Section 16.1 hereof. Under no circumstances shall the Lessee have any responsibility to the Lessor or the Trustor for the tax consequences attributable to any period prior to the issuance of such Ruling (except as for tax consequences resulting from a breach of any representation or warranty set forth in clauses (f) and (g) of Section 14 hereof) or, if such Ruling is not issued, to any period whatsoever; provided, however, that this sentence shall not affect the Lessee's obligations to purchase the Equipment under Section 25.1 hereof.

**16.3. Contest of Loss of Tax Benefits.** In the event that the Lessee requests that a Loss of Tax Benefits be contested (or in the event that the parties shall mutually agree to such contest), (a) the Trustor agrees to take such action in respect to such contest as the Lessee shall reasonably request in writing from time to time and to keep the Lessee informed as to the progress of such contest, but only if the Lessee shall have (i) made provision to reimburse the Trustor in a manner satisfactory to it for the Lessee's share (as provided in Section 16.4 hereof) of all reasonable costs and expenses (including, without limitation, legal fees and expenses) which the Trustor may incur in connection with such contest and (ii) in the event that the Lessee shall have requested the Trustor to contest a Loss of Tax Benefits (with which request the Trustor does not agree), furnished the Trustor with an opinion of independent tax counsel, reasonably satisfactory to the Trustor, to the effect that a reasonable defense exists to such claim and (b) the Lessee shall have the right to approve counsel for the Trustor, which approval shall not be unreasonably withheld; provided, however, that the Trustor, at its sole option, may forego any and all administrative appeals, proceedings, hearings and conferences with the Internal Revenue Service in respect of such

contest and may, at its sole option, either pay the tax claimed and sue for a refund in the appropriate United States District Court or the United States Court of Claims, as the Trustor shall elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as the Lessee shall make concerning the most appropriate forum in which to proceed.

**16.4. Expenses.** In the event that the Lessor or the Lessee, as the case may be, shall have given notice requesting a contest of a Loss of Tax Benefits, to which decision the other party does not agree, the party requesting such contest shall bear the full expense of such contest, except that, if the position of the party requesting such contest shall be sustained, the other party shall reimburse the party requesting such contest for one-half of the reasonable expenses of such contest. In the event that both the Lessee and the Lessor shall mutually agree that such Loss of Tax Benefits shall be contested, the expenses of such contest shall be borne equally by the Lessor and the Lessee.

**SECTION 17. EVENTS OF DEFAULT.**

(a) The following shall be events of default hereunder:

(i) Default, and continuance thereof for 15 days, in the payment of any rent or other amount hereunder or under the Other Leases;

(ii) The Lessee shall, for more than 30 days after the Lessor shall have demanded in writing thereof, fail or refuse to comply with any covenant, agreement, term or provision of this Lease, the Other Leases or of any agreement entered into concurrently herewith relating to the financing of the Equipment, on its part to be kept or performed or to make provision satisfactory to the Lessor for such compliance;

(iii) Any representation or warranty made by the Lessee in this Lease or the Other Leases is untrue in any material respect, or any statement, report, schedule, notice, or other writing furnished by the Lessee to the Lessor in connection herewith or therewith is untrue in any material respect, on the date as of which the facts set forth are represented, warranted, stated or certified;

(iv) 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 the Lessee 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 obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed (whether or not subject to ratification) in such proceedings in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

(v) Any other proceeding shall be commenced by or against the Lessee for any relief under any bankruptcy or insolvency law, or law 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 rents and other amounts payable 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 Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee 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;

(vi) The Lessee shall make or permit any unauthorized assignment or transfer of this Lease or any interest herein or any unauthorized transfer of the right to possession of any Item of the Equipment; or

(vii) The Government Guaranty shall, for any reason, cease to be in full force and effect.

When used herein, unless the context otherwise requires, the term "event of default" shall mean any event described in the foregoing clauses (i) through (vii) and the term "event which might mature into an event of default" shall mean any event which with the lapse of time, or with notice to the Lessee and lapse of time, would constitute an event of default. To the extent of its knowledge thereof, the Lessee shall give the Lessor prompt notice of any event of default or of any event which might mature into an event of default.

(b) Upon the happening of an event of default, the Lessor shall (except to the extent otherwise required by law) be entitled to:

(1) proceed by appropriate court action or actions to enforce performance by the Lessee of the applicable covenants and terms of this Lease or to recover damages for the breach thereof;

(2) repossess any or all Items of Equipment without prejudice to any remedy or claim hereinafter referred to;

(3) elect to sell any or all Items of Equipment, after giving 30 days' notice to the Lessee, at one or more public or private sales and recover from the Lessee as liquidated damages for the Lessee's default hereunder an amount equal to the amount, if any, by which (A) the sum of (i) the aggregate Casualty Value of such Items of Equipment on the date such notice is given, (ii) all rent owing or accrued hereunder to and including the date such notice is given, (iii) all costs and expenses (including sales tax) reasonably incurred in searching for, taking, removing, keeping, storing, repairing, restoring and selling such Items of Equipment, (iv) all other amounts owing by the Lessee hereunder, whether as additional rent, indemnification or otherwise, and (v) all reasonable costs and expenses, including (without limitation) legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder, exceeds (B) the amount received by the Lessor upon such public or private sales of such Items of Equipment;

(4) upon notice to the Lessee receive prompt payment from Lessee of an amount equal to the aggregate Casualty Value on the rental payment date next preceding the date such notice is given of all Items of Equipment which have not been sold by the Lessor pursuant to clause (3) above plus, to the extent not otherwise recovered from the Lessee pursuant to said clause (3) above, (i) any rent owing or accrued hereunder to and including the date such notice is given, (ii) all costs and expenses reasonably incurred in searching for, taking, removing, keeping, storing, repairing and restoring such Items of Equipment, (iii) all other amounts owing by the Lessee hereunder, whether as additional rent, indemnification or otherwise, and (iv) all reasonable costs and expenses, including (without limitation) legal fees and expenses, incurred by the Lessor as a result of the Lessee's default hereunder; provided that upon receipt of payment in full of such amount, the Lessor shall deliver to the Lessee a bill of sale for the Items of Equipment then subject to this Lease as provided in Section 23.1 hereof;

(5) by notice to the Lessee declare this Lease terminated without prejudice to the Lessor's rights in respect of obligations then accrued and remaining unsatisfied; or

(6) avail itself of any other remedy or remedies provided for by any statute or otherwise available at law, in equity or in bankruptcy or insolvency proceedings.

The remedies herein set forth or referred to shall be cumulative. The references to additional rent in clauses (3) and (4) of this paragraph (b) shall each include, without limitation, interest at the Overdue Rate (as defined in the Conditional Sale Agreement), to the date of receipt by the Lessor of the amount payable under said clause, on installments of rent owing hereunder to and including the rent payment date immediately preceding the date on which notice is given under said clause, from the respective due dates of such installments, and interest at said rate on all other reasonable costs, expenses and losses for which the Lessor is entitled to payment under said clause from the respective dates incurred by the Lessor.

It is agreed that the rights and remedies of the Lessor hereunder shall be subject to the rights and remedies of the Vendor.

## SECTION 18. RETURN OF EQUIPMENT UPON DEFAULT.

**18.1. Lessee's Duty to Return.** If the Lessor shall terminate this Lease pursuant to Section 17 hereof, the Lessee shall forthwith make the Equipment available to the Lessor and store and transport the Equipment as provided in Section 13 hereof.

**18.2. Specific Performance.** The making available, storage and transporting of the Equipment as provided in this Section 18 are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so make available, store and transport the Equipment.

**18.3. Lessor Appointed Lessee's Agent.** Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 18, the Lessee (to the extent of its corporate power) hereby irrevocably appoints the Lessor as the agent and attorney of Lessee, with full power and authority, at any time while the Lessee is obligated to make available any Items of Equipment to the Lessor pursuant to Section 17 hereof, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

## SECTION 19. ASSIGNMENTS BY LESSOR; SUCCESSOR TRUSTEES.

**19.1. Assignments by Lessor.** The benefits of this Lease shall be assignable (but only as an entirety) by the Lessor without the consent of the Lessee to a single institutional corporate agent or trustee acting for institutional corporate lenders, or to a single institutional corporate lender, of recognized standing, or to any agency or instrumentality of the United States Government, but the Lessee shall be under no obligation to any assignee of the Lessor except upon written notice of such assignment from the Lessor; provided that any such assignment by the Lessor (other than to the Vendor as collateral security) shall make appropriate provision for the assumption by the assignee of the obligations of the Lessor under the Sale and Lease Back Agreement. Upon notice to the Lessee of any such assignment the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to the assignee at the place and in the manner set forth in Section 2.3. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provisions of this Lease shall not be subject to any abatement whatsoever, and shall not be subject to any defense, set-off, counterclaim or recoupment whatsoever whether by reason of or defect in the Lessor's title (except for any defect or failure of title resulting from acts or omissions of the Lessor), or any interruption from whatsoever cause (other than from a wrongful act of the Lessor or the assignee) in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever, and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except as aforesaid, the Lessee shall be unconditionally and absolutely obligated to pay the assignee all of the rents and other sums which are the subject matter of the assignment, and (ii) the assignee shall have the sole right (except as otherwise provided in such assignment) to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of the assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor. The term "Lessor" as used in this Lease shall mean the original Lessor, any permitted assignee and any successor trustee appointed in accordance with the provisions of Section 19.2 hereof.

**19.2. Successor Trustees.** The Lessee agrees that in the case of the appointment of any successor trustee in accordance with the terms of the Trust Agreement, such successor trustee shall, upon written notice of such appointment to the Lessee by the Lessor, succeed to all the rights, powers and title (subject to the obligations) of the Lessor hereunder, without the necessity of any consent or approval by the Lessee and without in any way altering the terms of this Lease or the Lessee's obligations hereunder. One such appointment of a successor trustee shall not preclude the further appointment of successor trustees. Any successor trustee shall be a bank or trust company incorporated under the laws of the United States or of

any state thereof, having its principal place of business in the United States of America and having a combined capital and surplus of at least $100,000,000 and a member of the Federal Reserve System.

**19.3. Successor Trustors.** The Lessor agrees that the Trust Agreement shall contain irrevocable provisions such that any successor Trustor or Trustors thereunder shall be limited to corporations which are (a) formed under the laws of the United States or of any state thereof and (b) financial institutions, or financing corporations, of recognized standing.

**SECTION 20. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.**

**20.1. Lessee's Rights to the Equipment.** 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 Equipment in accordance with the terms of this Lease, but, subject to Section 20.2 hereof, without the prior written consent of the Lessor, the Lessee shall not assign, transfer or encumber its leasehold interest under this Lease in any of the Equipment. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of Section 20.2 hereof.

**20.2. Use and Possession by Lessee.** So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession and/or use of the Equipment (by itself or by others on its behalf) in accordance with the terms hereof upon the rail lines over which the Lessee conducts, or has conducted for it, rail passenger service.

**20.3. Merger, Consolidation or Acquisition of Lessee.** Nothing in this Section 20 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to any corporation, governmental agency or other entity (which shall have duly assumed the obligations hereunder of the Lessee) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety.

**SECTION 21. INSURANCE.**

**21.1. Lessee's Covenant to Carry Insurance.** The Lessee will cause to be carried and maintained at all times and at its own expense during the term of this Lease physical damage and public liability insurance covering the Equipment in the name of the Lessor, the Vendor and the Lessee (as their interests may appear) in such form as is commonly maintained on comparable equipment by companies similarly situated. In all events the Lessee will cause to be carried and maintained in the name of the Lessor, the Vendor and the Lessee (as their interests may appear) insurance against all risks of physical damage to the Equipment as provided under a standard all-risk policy. Such insurance policy or policies shall provide that all losses thereunder will be adjusted with the Lessee, the Vendor and the Lessor and will be payable to the Lessor, the Vendor and the Lessee as their respective interests shall appear. It is agreed that the standard all-risk policy shall provide coverage of at least $5,500,000, and may provide for a deductible of not more than $500,000, with respect to any one loss, and that the public liability policy shall provide coverage of at least $40,000,000, and may provide for a deductible of not more than $2,000,000, with respect to any one loss. Any net insurance proceeds as the result of insurance carried by the Lessee received by the Lessor in respect of Items suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of Casualty Occurrences pursuant to Section 11 hereof. If the Lessor shall receive any such net insurance proceeds after the Lessee shall have made payments pursuant to Section 11 hereof, without deduction for such net insurance proceeds, the Lessor shall pay such proceeds to the Lessee up to an amount equal to the Casualty Value with respect to an Item paid by the Lessee and any balance of such proceeds shall remain the property of the Lessor.

**21.2. Evidence of Insurance.** The policies of insurance required under this Section 21 shall be valid and enforceable policies issued by insurers of recognized responsibility reasonably acceptable to the Lessor. Upon the execution of the first Certificate of Acceptance, and thereafter not less than 10 days prior to the expiration dates of any expiring policies theretofore furnished under this Section 21, originals of the policies and satisfactory evidence of the payment of premiums thereon shall be delivered by the Lessee to the Lessor except that the Lessor may accept copies of the policies and certificates of insurance in lieu of

original policies. Such policies may be blanket policies covering other equipment not covered by this Lease, provided that any blanket policy shall in an accompanying certificate of insurance or rider specifically designate the Items of Equipment as being included therein and covered thereby to the full extent of the amounts herein required and shall name the Lessor and the Vendor as insured parties thereunder with respect to such Items of Equipment. All such policies shall contain an agreement by the insurers that such policies shall not be cancelled without at least 10 days' prior written notice to the Lessor and the Vendor and that the insurer will give notice to the Lessor and the Vendor in the event of nonpayment of premiums by the Lessee when due.

## SECTION 22. INTEREST ON OVERDUE RENTALS AND AMOUNTS PAID BY LESSOR.

Anything to the contrary herein contained notwithstanding, any nonpayment of rentals due hereunder, or amounts reasonably expended by the Lessor on behalf of the Lessee, shall result in the obligation on the part of the Lessee to pay also, as additional rent hereunder, an amount equal to the Overdue Rate (as defined in the Conditional Sale Agreement) on the overdue rentals and such amounts so expended for the period of time during which they are overdue or expended and not repaid.

## SECTION 23. OPTIONS TO PURCHASE AND RENEW.

**23.1. Option to Purchase.** Provided that the Lessee is not in default, the Lessee shall have the following option to purchase:

(a) The Lessee shall have the right to purchase all but not less than all of the Equipment at the expiration of the term of this Lease (including any renewal term) at a price equal to the "fair market value" (as hereinafter defined). The Lessee shall give the Lessor notice 180 days prior to the end of the term of its election to exercise the purchase option provided for in this Section. Payment of the option price shall be made at the place of payment specified in Section 2 hereof in funds then current against delivery of a bill of sale transferring and assigning to the Lessee all right, title and interest of the Lessor in and to the Equipment and containing Lessor's Warranty, but without any other representation or warranty, express or implied, as to the condition of the Equipment or any other matters. Notwithstanding the giving of notice by the Lessee as aforesaid, the Lessee shall not be obligated to purchase the Equipment if the Lessee shall advise the Lessor within 15 days after the determination of the option price under this Section 23.1 that the Lessee has decided not to purchase the Equipment.

(b) The "fair market value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise the purchase option, the fair market value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market value is not so determined within 90 days after receipt by the Lessor of the Lessee's election to purchase, the same shall be determined by American Appraisal Company or its successor. Costs incurred in connection with any such appraisal shall be borne equally by the Lessor and the Lessee.

(c) There shall be deducted from the option price payable hereunder an amount equal to the portion of the fair market value of the Equipment which is attributable to modifications (as hereinafter defined) to the Equipment which resulted in an increase in the fair market value of the Equipment, determined as above provided, as of the date of determination, as compared with the fair market value the Equipment would have had, as of the date of determination, without such modifications, determined as above provided. "Modifications" shall mean any one or more change(s) to an Item of Equipment not included in normal repairs, maintenance and replacements required by Section 8 hereof and the initial cost of which (including installation) shall in the aggregate have exceeded $5,000. The term "fair market value of the modifications" shall mean, when used elsewhere in this Lease, the portion of the fair market value of an Item of Equipment which is attributable to modifications, determined as aforesaid.

(d) Unless the Lessee has given the Lessor 180 days' notice as required in connection with exercise of the foregoing option, all the Equipment then leased hereunder shall be returned to the Lessor in accordance with Section 13 hereof.

Notwithstanding any election of the Lessee to purchase, the provisions of Section 11 hereof shall continue in full force and effect until the date of purchase and the passage of ownership of the Equipment purchased by the Lessee upon the date of purchase unless the purchase price has been agreed upon by the parties pursuant to this Section 23, in which event such purchase price shall govern.

**23.2. Option to Renew.** Provided that the Lessee is not in default, the Lessee shall have the following renewal options:

(a) The Lessee shall have the option to renew and extend this Lease as to such Items of Equipment as it may elect for four additional renewal terms of one year each upon and subject to the terms and conditions herein contained for the original term of this Lease excepting only that the Periodic Rent for each such renewal term, which shall be payable semiannually in arrears during each such term, shall be an amount equal to the "fair market rental value" (as hereinafter defined) of such Equipment. Each such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor notice not less than 90 days prior to the end of the original term or of the then current renewal term of its election to exercise any renewal option provided for by this Section 23.2. Notwithstanding the giving of any notice by the Lessee as aforesaid, the Lessee shall not be obligated to renew and extend this Lease for the renewal term covered by such notice if the Lessee shall advise the Lessor within 45 days after the determination of the rental for such renewal term under this Section 23.2 that the Lessee has decided not to rent the Equipment for such renewal term.

(b) The "fair market rental value" shall be an amount mutually agreed upon by the Lessor and the Lessee; provided that if the Lessor and the Lessee are unable to agree upon the fair market rental value of the Equipment within 30 days after receipt by the Lessor of the notice of the Lessee's election to exercise any renewal option, the fair market rental value shall be determined by an appraiser selected by mutual agreement of the Lessor and the Lessee. If the Lessor and the Lessee are not able to agree upon an appraiser, or if the fair market rental value is not so determined within 60 days after receipt by the Lessor of the Lessee's election to renew, the same shall be determined by American Appraisal Company or its successor. Costs incurred in connection with any such appraisal shall be borne equally by the Lessor and the Lessee.

(c) There shall be deducted from the rental payable hereunder for any renewal term an amount equal to the portion of the fair market rental value of the Equipment which is attributable to modifications to the Equipment which resulted in an increase in the fair market rental value of the Equipment, determined as above provided, for such renewal term, as compared with the fair market rental value the Equipment would have had, for such renewal term, without such modifications, determined as above provided.

## SECTION 24. CONCERNING THE LESSOR.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, covenants, undertakings and agreements herein made on the part of the Lessor, while in form purporting to be the representations, covenants, undertakings and agreements of First Security Bank of Utah, National Association, are nevertheless each and every one of them made and intended not as personal representations, covenants and undertakings and agreements of it in its individual capacity as a national banking association or for the purpose or with the intention of binding it in its individual capacity as a national banking association but are made and intended for the purpose of binding only the separate and distinct trust estate of the Subtrust of the Trustor created under the Trust Agreement (a true copy of which Trust Agreement has been delivered by the Lessor to the Lessee, initialled for identification by an Authorized Officer of the Lessor), the Trustee under

such Trust Agreement is the Lessor hereunder, and this Lease is executed and delivered by First Security Bank of Utah, National Association, not in its own right but solely in the exercise of the powers conferred upon it as trustee under the Trust Agreement; and no liability or responsibility in its individual capacity as a national banking association is assumed by nor shall at any time be asserted or enforceable against said Association, or any incorporator or any past, present or future subscriber to the capital stock of said Association, on account of this Lease or the Sale and Lease Back Agreement or on account of any representation, covenant, undertaking or agreement of said Association in this Lease or the Sale and Lease Back Agreement contained, either expressed or implied, all such individual liability as a national banking association, if any, being expressly waived and released by the Lessee herein and by all persons claiming by, through or under the Lessee; excepting, however, that the Lessee or any person claiming by, through or under it, making claim hereunder, may look to the trust estate of the Trustor's Subtrust for satisfaction of the same. Except as provided in Section 26.10 hereof, each representation, covenant, undertaking and agreement herein made on the part of the Lessor (including, without limitation, the Lessor's Warranty set forth in Section 5 hereof), for itself or for the Trustor, shall be deemed to have been made by the Trustor, as well as by the Lessor. The Lessor hereby represents to the Lessee that it has full and irrevocable power and authority to bind the Trustor in accordance with the preceding sentence.

## SECTION 25. MANDATORY PURCHASE OF ITEMS OF EQUIPMENT BY LESSEE UNDER CERTAIN CONDITIONS.

**25.1. Purchase on or before July 31, 1975.** If on or before July 14, 1975:

(a) The Internal Revenue Service for any reason whatsoever (other than a default by the Lessor under its obligation set forth in Section 25.6 hereof) shall not have issued to the Trustor or any successor acquiring the interest of the Trustor prior to the delivery of the Items of Equipment and the Lessee a favorable tax ruling or supplemental ruling (which shall not have been affected by any Change in Tax Law which in the reasonable written opinion of Messrs. Foley & Lardner (a copy of which opinion shall be furnished to the Lessee) might reasonably be expected to preclude the Trustors from claiming tax benefits on a basis that is at least as favorable as that to which the Trustors would be entitled under such ruling) to the effect that:

1. The Subtrust of the Trustor created by the Trust Agreement will be a grantor trust under Section 671 of the Code and the Trustor shall take into account in computing its respective taxable income and credit all items of income, gain, loss, deduction, or credit of its Subtrust.

2. Trustor will be considered the owner, lessor and original user of the Equipment acquired by its Subtrust.

3. The Subtrust of the Trustor created by the Trust Agreement will have a cost basis in the Equipment for purposes of computing the investment credit and depreciation deductions with respect thereto which will include the Acquisition Cost and all other items properly included under Section 1012 of the Code.

4. The Trustor may elect to use the Class Life Asset Depreciation Range System pursuant to Section 167(m) of the Code and Regulation 1.167(a)-11 and may elect either the "modified half-year" or the "half-year" convention pursuant to Regulation 1.167(a)-11(c)(2). If the Trustor elects the Class Life Asset Depreciation Range System, the Equipment acquired by the Trustor's Subtrust will be included in that election as though it had been acquired directly by the Trustor, and the election by any of the Trustors will not affect the equipment acquired by any of the other Trustors' Subtrusts.

5. The Equipment falls within Asset Guideline Class 00.25 of Revenue Procedure 72-10, I.R.B. 1972-8, 13, and may be assigned an asset depreciation period of 12 years.

6. If the Trustor elects to use the Class Life Asset Depreciation Range System, it may compute depreciation deductions with respect to the Equipment acquired by its Subtrust using a method of depreciation consisting initially of the declining balance method using a rate not exceeding twice the straight line rate and thereafter may switch to the sum of the years digits method and thereafter to the

straight line method without the consent of the Commissioner, pursuant to Section 167(m) of the Code and Treasury Regulation Section 1.167(a)-11.

7. Since neither the Lessor nor the Trustor will elect to treat the Lessee as having acquired the Equipment pursuant to Section 48(d) of the Code, the Trustor, pursuant to Section 38 of the Code, will be entitled to take into account the investment credit with respect to the entire cost basis of the Equipment acquired by its Subtrust.

8. The Trustor will be entitled to take into account its proportionate share, based on its Subtrust, of the amounts paid or accrued as interest with respect to the Conditional Sale Indebtedness and the interim loan to the Lessor referred to in Section 1.01(f) of the Trust Agreement pursuant to Section 163(a) of the Code.

9. The Lease is a true lease under which the Lessee is the lessee and the Lessee may deduct the rental payments made under the Lease pursuant to Section 162(a)(3) of the Code; or

(b) The Lessee shall not have arranged for long-term institutional lenders (the "long-term institutional lenders") to acquire from the Vendor (and the long-term institutional lenders shall not have acquired) the interest of the Vendor under the Conditional Sale Agreement at a price equal to the unpaid Conditional Sale Indebtedness, all on such reasonable terms and conditions (including any amendments to this Lease and the Conditional Sale Agreement, approved by the Administrator and the Secretary of the Treasury, to reflect the interest rate to be paid to the long-term institutional lenders, and any other documents executed in connection with this Lease and the Conditional Sale Agreement, which may reasonably be required) as shall be reasonably satisfactory in form and substance to such institutional lenders and to the Lessor;

then the Lessee hereby unconditionally agrees that it will, on or before July 31, 1975, purchase from the Lessor each Item of Equipment theretofore delivered hereunder to the Lessor by paying to the Lessor, at the office of the Lessor in Salt Lake City, Utah, in immediately available funds, an amount equal to the sum of the following: (i) the aggregate Acquisition Cost for all of the Items of Equipment under this Lease, (ii) the amount of all fees and expenses payable to the Lessor for its services as Trustee under this Lease, (iii) the amount of all out-of-pocket expenses (including an amount equal to ½ of 1% of the Conditional Sale Indebtedness which long-term institutional lenders have committed to acquire and all attorneys' fees (not to exceed $7,500 in the aggregate under this Lease and the Other Leases) and disbursements and the cost of printing all documents) reasonably incurred by the Lessor in connection with the transaction contemplated by this Lease and the Other Leases, and (iv) any rent accrued and unpaid to the date of such purchase.

(c) The Lessee shall certify to the Lessor in writing that, in the judgment of the Lessee, the conditions set forth in this Section 25.1 cannot be complied with on or before July 14, 1975, then at any time on or before July 31, 1975, the Lessee may, on not less than 10 days' prior notice to the Lessor, require the Lessor to sell to the Lessee each Item of Equipment theretofore delivered hereunder to the Lessor for the purchase price determined in accordance with the provisions of this Section 25.1.

**25.2. Purchase of Items of Equipment by Lessee after Term Lease Commencement Date.** If, at any time on or after the Term Lease Commencement Date, the Lessor shall, by reason of the application of Section 17(a)(vii) hereof, be entitled to proceed under Section 17(b) hereof, then the Lessee hereby unconditionally agrees that it will, upon the written request of the Lessor, purchase from the Lessor the Equipment by paying to the Lessor, as the purchase price therefor, within 10 days after such written request, at the office of the Lessor in Salt Lake City, Utah, in immediately available funds, an amount equal to the sum of (i) the aggregate Casualty Value (as determined as of the rent payment date coincident with or next preceding the date of payment under this Section 25.2) for all of the Equipment, (ii) any rent accrued and unpaid on the Equipment to and including the date of such payment under this Section 25.2 and (iii) any other amounts owing by the Lessee to the Lessor hereunder.

**25.3. Borrowing on Guaranty.** The Lessee agrees, if it shall become necessary, to obtain the funds for any purchase required under Section 16 hereof or this Section 25 by using the guaranty authority of the

Secretary of the Department of Transportation which has been set aside for such purpose pursuant to the Government Guaranty.

**25.4. Conveyance by Lessor.** On the date of any purchase of an Item of Equipment as above provided in this Section, the Lessor will sell such Item of Equipment to the Lessee by delivering to the Lessee, without representation or warranty of any kind, express or implied (other than Lessor's Warranty), a bill of sale covering such Equipment purchased by the Lessee. Any cost, expense or sales or use tax incurred by the Lessor or the Lessee, in connection with the sale and purchase of such Equipment, shall be paid by the Lessee, and the Lessor shall have no duty or liability whatsoever with respect to such sale and purchase except as expressly provided in the preceding sentence hereof. In the case of each such Item of Equipment purchased by the Lessee, the Lessee shall be liable for all of its indemnities under Sections 6 and 10.2 hereof with respect to such Equipment as to events occurring prior to, but not after, the date of such purchase.

**25.5. Satisfaction of Obligation to Pay Casualty Value.** If the Lessee shall purchase the Equipment pursuant to this Section 25, it shall have the right to satisfy any obligation it may have to pay Casualty Value for the Equipment because of the happening of a Casualty Occurrence by purchasing such Equipment in accordance with the terms of this Section 25.

**25.6. Internal Revenue Service Ruling.** The Lessor shall, as promptly as practicable, prepare and file a request for the Internal Revenue Service ruling and supplements thereto as necessary referred to in Section 25.1 hereof, and each of the Lessor and Lessee shall use its reasonable efforts to cause such ruling to issue at the earliest practicable date and shall keep each other reasonably informed as to the status of such request.

**SECTION 26. MISCELLANEOUS.**

**26.1. Fees.** The Lessor and the Lessee agree that there has been no third party, other than ITEL Leasing Corporation and Salomon Brothers, involved as agent, broker or finder in connection with this Lease, and the Lessee indemnifies the Lessor and the Trustor from liability for fees, commissions or other claims of any agent, broker or finder, acting pursuant to purported authority granted by the Lessee, made upon the Lessor or the Trustor and the Lessor and the Trustor indemnifies the Lessee from liability for fees, commissions or other claims of any agent, broker or finder, acting pursuant to purported authority granted by the Lessor or the Trustor, made upon the Lessee, except in each case for the fee payable to ITEL Leasing Corporation and Salomon Brothers. The payment of such fee shall be the sole responsibility of the Lessor and the Lessor hereby agrees to pay such fee.

**26.2. Lessor is Owner.** This Lease shall constitute an agreement of lease, and nothing herein shall be construed as conveying to the Lessee any right, title or interest in any Item of Equipment except as a lessee only. The Lessor and the Lessee agree that for all Federal, state and local income tax purposes the Lessor, on behalf of the Trustor with respect to its separate and distinct Subtrust, will be the owner and lessor of the Equipment and that the Lessee will be the lessee. In addition, nothing contained herein shall be construed as an election by the Lessor or the Trustor to treat the Lessee as having acquired any Item of Equipment for purposes of the investment credit allowed by Section 38 of the Code, and the Lessor, the Trustor and the Lessee agree that they will not make such an election.

**26.3. Trustee's Fees.** The Lessee agrees to pay the Lessor's fees and reasonable expenses, as trustee under the Trust Agreement, for the acceptance and administration of the trust, and the reasonable fees and expenses of the agent for the long-term institutional lenders. The Lessee will reimburse the Lessor and the agent for such fees and expenses promptly upon notice from the Lessor and the agent of the amount thereof. It is agreed that the Lessor's fee for acceptance of the trust and administration shall be equal to $\frac{1}{10}$ of 1% of the aggregate payments required by Article 3 (a) of the Sale and Lease Back Agreement, together with reasonable attorneys' fees for counsel for the Lessor, which fees shall not exceed $500 in the aggregate under this Lease and the Other Leases.

**26.4. Action by Lessee.** Except as otherwise specifically provided herein, any provision in this Lease that the Lessee shall take any action shall require the Lessee to do so at its sole cost and expense.

**26.5. Lessor's Right to Perform.** If the Lessee fails to make any payments required by this Lease, or to perform any of its other obligations contained herein, the Lessor may itself, but shall not be required to, make any such payments or perform any such obligations. The amount of any such payment and the Lessor's reasonable costs and expenses, including (without limitation) legal fees and expenses in connection therewith and with such performance, shall thereupon be and become payable by the Lessee to the Lessor upon demand.

**26.6. Opinion of Lessor's Counsel.** The Lessee shall not be obligated to sell any Item of Equipment to be sold by the Lessee under the Sale and Lease Back Agreement, and to lease such Item of Equipment hereunder, unless, on the date of such purchase the Lessee shall have been furnished with a favorable opinion of counsel for the Lessor, dated as of such date, to the effect that this Lease, the Sale and Lease Back Agreement and the Government Guaranty have been duly authorized, executed and delivered by the Lessor and constitute the legal, valid and binding obligations of the Lessor enforceable against the Lessor in accordance with their respective terms, subject as to any limitations as to enforceability imposed by bankruptcy, insolvency, reorganization, moratorium or other similar laws affecting the enforcement of creditors' rights generally.

**26.7. Notices.** Any notice or other communication hereunder shall be in writing and, if mailed, shall be deemed to be given on the second day after it is sent by registered or certified mail, postage prepaid, and addressed: (i) if to Lessee, at 955 L'Enfant Plaza North, S.W., Washington, D.C. 20024, Attention: Secretary, (ii) if to Lessor, at 79 South Main Street, Salt Lake City, Utah 84111, Attention: Trust Department, with a copy to ITEL Leasing Corporation, One Embarcadero Center, San Francisco, California 94111, Attention: Contract Administration, or (iii) to either party at such other address as it may, by written notice received by the other, designate as its address for purposes of notice hereunder.

**26.8. Law Governing, etc.** If this Lease or any provision hereof shall be deemed invalid, illegal or unenforceable in any respect or in any jurisdiction, the validity, legality and enforceability of this Lease in other respects and other jurisdictions shall not be in any way impaired or affected thereby. Each of the parties hereto acknowledges that the other party shall not by act, delay, omission or otherwise be deemed to have waived any of its rights or remedies under this Lease unless such waiver is in writing, and such writing shall be binding only to the extent therein provided and only upon the party signing it. A waiver on any one occasion shall not be construed as a waiver on any future occasion. Without limiting the foregoing, the Lessor's rights and the Lessee's duties shall in no way be affected by the Lessor's inspection of, or failure to inspect, the Equipment or any Item thereof. The Lessee hereby waives any right to assert that the Lessor cannot enforce this Lease (or that this Lease is invalid) because of any failure of the Lessor to qualify to do business in any jurisdiction. This Lease shall be governed by the laws of the District of Columbia and shall be binding upon and inure to the benefit of the Lessor and the Lessee and their respective successors and assigns.

**26.9. Section Headings.** The Table of Contents and Section headings in this Lease are for convenience of reference only and shall not be considered to be a part of this Lease.

**26.10. Lessor's Authorization.** The Lessor represents to the Lessee that the execution, delivery and performance of this Lease, the Sale and Lease Back Agreement and the Government Guaranty are within the corporate power of the Lessor, have been duly authorized by all necessary corporate and other action and are, and at all times will be, authorized under the Trust Agreement.

**26.11. Modification of Lease.** No variation or modification of this Lease shall be valid unless in writing and signed by duly authorized officers of the Lessor and the Lessee.

**26.12. Trustors and Subtrusts Defined.** The term "Trustors" as used herein means the institutions listed as Trustors under the Trust Agreement dated as of June 1, 1974 among the Trustors and the Lessor, and their respective successors in interest and assigns under said Trust Agreement as permitted by Section 19.3 hereof. The term "Subtrusts" as used herein means the subtrusts listed in and described in said Trust Agreement.

**26.13. Approvals of the Administrator.** The parties agree that before any amendment or modification (other than to the Specifications) of this Lease, or any assignment or transfer of the interest

of the Lessor hereunder or any Trustor (other than to insurance companies, commercial and savings banks and financing corporations of recognized standing organized under the laws of the United States or of any state thereof) or of the interest of the Lessee hereunder, becomes effective, the Federal Railroad Administrator must approve the same in writing. In consideration of his guarantee of the Lessee's financial obligations under this Lease, the Federal Railroad Administrator shall have the right to enforce this provision irrespective of any other provision of this Lease.

**26.14. Execution in Counterparts.** This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument. Although this Lease is dated as of the date first set forth above, for convenience, 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 Lease to be executed by their respective officers thereunto duly authorized and their corporate seals to be hereto affixed.

FIRST SECURITY BANK OF UTAH,
NATIONAL ASSOCIATION,
as Trustee

By .....
*Authorized Officer*

(CORPORATE SEAL)

ATTEST

.....
*Authorized Officer*

LESSOR

NATIONAL RAILROAD PASSENGER CORPORATION

By Robert C. Moot
*Vice President*

(CORPORATE SEAL)

ATTEST

Ulston N Smith
*Asst Secretary*

LESSEE

**Guaranty by Department of Transportation**

Deputy The Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation of the United States of America does hereby guarantee the prompt payment of the Guaranteed Lease Obligations, pursuant to and in accordance with the Guaranty Agreement dated Dec. 17, 1974 among Deputy the Federal Railroad Administrator of the Department of Transportation of the United States of America, as Guarantor, First Security Bank of Utah, National Association, as Trustee, and Bank of America National Trust and Savings Association.

Deputy FEDERAL RAILROAD ADMINISTRATOR

By ..... Asaph H. Hall .....
Deputy Federal Railroad Administrator

ATTEST:

Christopher S. Moffitt
~~Chief~~ Counsel F.R.A.

GUARANTOR

STATE OF UTAH
COUNTY OF SALT LAKE } ss.:

On this 27th day of November 1974, before me personally appeared Donna Pawley, to me personally known, who being by me duly sworn, says that he is an Authorized Officer of FIRST SECURITY BANK OF UTAH, National Association, that one of the seals affixed to the foregoing instrument is the seal of said association, that said instrument was signed and sealed on behalf of said association 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 association.

Debbie J. Langfield
Notary Public

(SEAL)

My Commission expires:
July 22, 1978

CITY OF WASHINGTON
DISTRICT OF COLUMBIA } ss.:

On this 5 day of Dec. 1974, before me personally appeared Robert C. Moor, to me personally known, who being by me duly sworn, says that he is a Vice President of NATIONAL RAILROAD PASSENGER CORPORATION, that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Patricia A. Sullivan
Notary Public

(SEAL)

My Commission expires: My Commission Expires August 31, 1977
My Commission Expires August 31, 1978

CITY OF WASHINGTON
DISTRICT OF COLUMBIA } ss.:

On this 17th day of Dec. 1974, before me personally appeared Asaph H Hall, Deputy to me personally known, who being by me duly sworn, says that he is the Deputy Federal Railroad Administrator, that the foregoing instrument was signed by him by authority duly delegated to him by the Secretary of Transportation; and he acknowledged that the execution of the foregoing instrument was his free act and deed as the Deputy Federal Railroad Administrator.

Gary Boyle
Notary Public

(SEAL)

My Commission expires: My Commission Expires April 30, 1977

## SCHEDULE A

## TO LEASE NO. 1

## DESCRIPTION OF EQUIPMENT†

| Type | Quantity | Manufacturer's Specifications | Place of Acceptance | R.R. Nos. | Unit Price* | Total Price |
|---|---|---|---|---|---|---|
| 6,000 H.P. Electric Locomotives Model E60 C.P. | 7 | Builder's Specification Number GE 5141 and Proposition T29-60786 dated 9/16/73, Lessee's Request for Quotation W9354-01 dated 12/19/72 and Purchase Order WWJ 3079-002 dated 3/20/73 and supplements thereto. | Wilmington, Delaware | 950-956 | $738,067.67 | $5,166,473.69 |

† The term "Item of Equipment" as used in this Lease shall mean a locomotive described above, including the signal equipment installed therein.

* Exclusive of fuel and freight.

## SCHEDULE B

### Determination of Basic Lease Rate

| If the Long Term Debt Rate is: | Column A<br>Then the Basic Lease Rate for an Item Settled for prior to January 1, 1975 is: | Column B<br>Then the Basic Lease Rate for an Item Settled for on or after January 1, 1975 is: |
|---|---|---|
| 7.500% | 4.39023% | 4.66221% |
| 7.625 | 4.41722 | 4.68951 |
| 7.750 | 4.44432 | 4.71693 |
| 7.875 | 4.47152 | 4.74444 |
| 8.000 | 4.49883 | 4.77206 |
| 8.125 | 4.52624 | 4.79978 |
| 8.250 | 4.55376 | 4.82761 |
| 8.375 | 4.58139 | 4.85556 |
| 8.500 | 4.60912 | 4.88362 |
| 8.625 | 4.63728 | 4.91179 |
| 8.750 | 4.66554 | 4.94007 |
| 8.875 | 4.69388 | 4.96844 |
| 9.000 | 4.72232 | 4.99691 |
| 9.125 | 4.75086 | 5.02549 |
| 9.250 | 4.77949 | 5.05438 |
| 9.375 | 4.80820 | 5.08472 |
| 9.500 | 4.83702 | 5.11508 |
| 9.625 | 4.84164 | 5.14548 |
| 9.750 | 4.87155 | 5.17593 |
| 9.875 | 4.90156 | 5.20641 |
| 10.000 | 4.93167 | 5.23693 |

## SCHEDULE C

## TO LEASE NO. 1

## SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The per cent of the Acquisition Cost to the Lessor of any Item of Equipment shown in the appropriate column below, depending on when such Item was settled for, is to be paid on a rental payment due date pursuant to Section 11 of the Lease as the result of any Item of Equipment becoming the subject of a Casualty Occurrence, depending upon when the Casualty Value is paid. Casualty Value does not include any amounts for which the Lessor may be entitled to indemnification under Sections 6 and 10.2 of the Lease.

Before Term Lease Commencement Date the Casualty Value* shall equal 89.8267% for an Item settled for prior to January 1, 1975 and 90.446% for an Item settled for on or after January 1, 1975.

| If Casualty Occurrence is during semiannual period ending on Periodic Rent Payment Date | Casualty Value Payable Per Item* | |
|---|---|---|
| | For an Item Settled for prior to January 1, 1975 | For an Item Settled for on or after January 1, 1975 |
| 1 | 89.9321% | 91.000% |
| 2 | 89.8378 | 91.461 |
| 3 | 89.4968 | 91.570 |
| 4 | 88.8161 | 91.360 |
| 5 | 87.7522 | 90.807 |
| 6 | 86.3559 | 89.957 |
| 7 | 84.6738 | 88.781 |
| 8 | 82.8506 | 87.319 |
| 9 | 80.8842 | 85.551 |
| 10 | 78.7826 | 83.511 |
| 11 | 76.5425 | 81.211 |
| 12 | 74.1694 | 78.749 |
| 13 | 71.6624 | 76.134 |
| 14 | 69.0243 | 73.371 |
| 15 | 66.2566 | 70.461 |
| 16 | 63.3595 | 67.406 |
| 17 | 60.3368 | 64.209 |
| 18 | 57.1930 | 60.871 |
| 19 | 53.9504 | 57.398 |
| 20 | 50.5987 | 53.794 |
| 21 | 47.1469 | 50.088 |
| 22 | 43.5806 | 46.266 |
| 23 | 39.9058 | 42.353 |
| 24 | 36.1523 | 38.404 |
| 25 | 32.4954 | 34.515 |
| 26 | 28.9330 | 30.656 |
| 27 | 25.5446 | 26.890 |
| 28 | 22.3023 | 23.185 |
| 29 | 18.8625 | 19.296 |
| 30 and thereafter | 15.0000 | 15.000 |

* Plus in the case of the period before to the Term Lease Commencement Date and the first 14 amounts listed below, the percentages which may be applicable as provided in Section 11.5 of the Lease and described in the table set forth in Schedule E to the Lease.

## SCHEDULE D

## TO LEASE NO. 1

## SCHEDULE OF MAXIMUM PURCHASE PRICE

The MAXIMUM PURCHASE PRICE shall mean the following per cent of the Acquisition Cost to the Lessor, of any Item of Equipment shown in the appropriate column below, depending on when such Item was settled for, for the purpose of determining any amount payable pursuant to Section 16.2 of the Lease, depending upon when the Maximum Purchase Price is paid. The Maximum Purchase Price does not include any amounts for which the Lessor may be entitled to indemnification under Sections 6 and 10.2 of the Lease.

Before Term Lease Commencement Date Maximum Purchase Price shall equal 104.7343% for an Item settled for prior to January 1, 1975 and 105.3536% for an Item settled for on or after January 1, 1975.

| If Maximum Purchase Price is determined during semiannual period ending on Periodic Rent Payment Date | Maximum Purchase Price Payable Per Item: For an Item Settled for prior to January 1, 1975 | Maximum Purchase Price Payable Per Item: For an Item Settled for on or after January 1, 1975 |
|---|---|---|
| 1 | 104.8397% | 105.9076% |
| 2 | 104.7454 | 106.3687 |
| 3 | 104.4044 | 106.4776 |
| 4 | 103.7237 | 106.2676 |
| 5 | 102.6598 | 105.7146 |
| 6 | 101.2635 | 104.8646 |
| 7 | 99.5814 | 103.6886 |
| 8 | 97.7582 | 102.2266 |
| 9 | 95.7918 | 100.4586 |
| 10 | 93.6902 | 98.4186 |
| 11 | 91.4501 | 96.1186 |
| 12 | 89.0770 | 93.6566 |
| 13 | 86.5700 | 91.0416 |
| 14 | 83.9319 | 88.2786 |
| 15 | 81.1642 | 85.3686 |
| 16 | 78.2671 | 82.3136 |
| 17 | 75.2444 | 79.1166 |
| 18 | 72.1006 | 75.7786 |
| 19 | 68.8580 | 72.3056 |
| 20 | 65.5063 | 68.7016 |
| 21 | 62.0545 | 64.9956 |
| 22 | 58.4882 | 61.1736 |
| 23 | 54.8134 | 57.2606 |
| 24 | 51.0599 | 53.3116 |
| 25 | 47.4030 | 49.4226 |
| 26 | 43.8406 | 45.5636 |
| 27 | 40.4522 | 41.7976 |
| 28 | 37.2099 | 38.0926 |
| 29 | 33.7701 | 34.2036 |
| 30 and thereafter | 29.9076 | 29.9076 |

## SCHEDULE E

## TO LEASE NO. 1

## ADDITIONAL INFORMATION

NAME OF TRUSTOR:

Michigan National Bank

INCREASE IN CASUALTY VALUE:

| Anniversary of Date Placed in Revenue Service | Percentage of Acquisition Price |
|---|---|
| Third | 14.9076% |
| Fifth | 9.9384% |
| Seventh | 4.9692% |