
EQUIPMENT LEASE

Dated as of January 1, 1975

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INTERSTATE COMMERCE COMMISSION

between

**MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee
under a Trust Agreement dated as of the date hereof with
Ford Motor Credit Company,**

Lessor

and

NATIONAL RAILROAD PASSENGER CORPORATION,

Lessee

Guaranty by Department of Transportation

4 RTG Trains

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ATTACHMENTS

Schedule A—Description of Equipment

Schedule B—Schedule of Casualty Value

Schedule C—Schedule of Maximum Purchase Price

Exhibit 1—Certificate of Completion and Acceptance

EQUIPMENT LEASE

THIS EQUIPMENT LEASE dated as of January 1, 1975 between MANUFACTURERS NATIONAL BANK OF DETROIT, a national banking association, not in its individual capacity but solely as trustee under a Trust Agreement (the "Trust Agreement") dated as of January 1, 1975 (said bank, so acting together with any assignee thereof or successor in interest thereto being hereinafter called the "Lessor"), with Ford Motor Credit Company, a Delaware corporation (said corporation, together with any successor in interest under the Trust Agreement, as permitted by Section 19.3 hereof, being hereinafter called the "Trustor"), and NATIONAL RAILROAD PASSENGER CORPORATION, a corporation organized under the Rail Passenger Service Act, as amended, and the laws of the District of Columbia (the "Lessee");

W I T N E S S E T H :

SECTION 1. MANUFACTURE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Purchase, Sell and Lease. The Lessee is purchasing certain equipment (collectively the "Basic Equipment" and individually an "Item of Basic Equipment") pursuant to a Passenger Equipment Purchase Agreement (the "Purchase Agreement") dated as of June 24, 1974, as amended as of January 23, 1975, with ANF-Industrie, S.A. (the "Manufacturer"). The Lessee has arranged to finance the acquisition of the Basic Equipment under a Loan Agreement and Chattel Mortgage (the "Loan and Mortgage") dated as of January 1, 1975, between the Lessee and Federal Financing Bank (the "Lender"). Upon delivery of each Item of Basic 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 Loan and Mortgage, the Lessee will transport each Item of Basic Equipment from France to the United States and complete the furnishing of such Item of Basic Equipment (the "furnishings") as provided in the Sale and Lease Back Agreement (as defined in the Loan and Mortgage). The Basic Equipment, together with such furnishings, is hereinafter collectively called the "Equipment" and individually an "Item of Equipment". (The Equipment is more fully described in Schedule A attached hereto.) The Lessee prior to placing each Item of Equipment in service is selling such Item of Equipment to the Lessor, subject to the provisions of the Loan and Mortgage, pursuant to the Sale and Lease Back Agreement. The Lessor agrees to lease and to let each such Item of Equipment to the Lessee and the Lessee agrees to hire each such Item of Equipment from the Lessor for the rental and on and subject to the terms and conditions herein set forth; provided that the Acquisition Cost (as defined in Section 2.2 hereof) of all Items of Equipment leased hereunder shall not exceed an aggregate of \$14,400,000.

1.2. Certificate of Completion and Acceptance. Upon completion of the furnishing of each Item of Basic Equipment by the Lessee in accordance with the specifications referred to in the Sale and Lease Back Agreement, the Lessee will execute and deliver to the Lessor a Certificate of Completion and Acceptance in the form of Exhibit 1 hereto. The Lessee's execution and delivery to the Lessor of a Certificate of Completion and 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 Lessor's or 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. The execution of a Certificate of Completion and 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 for the rental period from and including the Settlement Date (as defined in the Sale and Lease Back Agreement) with respect to such Item of Equipment to the Term Lease Commencement Date (as defined in Section 2.2 hereof),

an amount equal to the sum of (x) interest at a rate equal to the Debt Rate (as defined in the Loan and Mortgage) on 72.2% of the Acquisition Cost (as defined in Section 2.2 hereof) thereof, (y) .0064739% of the Acquisition Cost thereof per elapsed day, and (z) the guaranty fee (the "Guaranty Fee") payable by the Lessor, as Trustee, to the Federal Railroad Administrator or such other official to whom the powers of the Federal Railroad Administrator shall have been duly delegated pursuant to Section 102(2) of the Rail Passenger Service Act, as amended, and 49 U.S.C. 1657(e) (hereinafter called the "Federal Railroad Administrator") under the Government Guaranty (as defined in Section 15 hereof) in respect of such rental period. For the purposes of this Section 2.1(a), all interest rates shall be computed on the basis of a 365-day year and actual days elapsed.

(b) **Periodic Rent.** For each Item of Equipment 30 consecutive semiannual installments of Periodic Rent payable in amounts equal to the sum of (i) 4.6135% (the "Basic Lease Rate") of the Acquisition Cost of such Item of Equipment and (ii) the Guaranty Fee payable in respect of each semiannual rental period.

2.2. Rent Payment Dates; Acquisition Cost. The Term Lease Commencement Date (the "Term Lease Commencement Date") for all Items of Equipment shall be July 2, 1975. Interim Rent shall be due and payable 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 2 and July 2 of each year, commencing January 2, 1976. The term "Acquisition Cost" as used herein shall, subject to Section 1.1 hereof, mean, with respect to each Item of Equipment, an amount equal to the sum of (1) the amounts paid by the Lessor to the Lessee pursuant to Article 3(a) of the Sale and Lease Back Agreement and (2) the unpaid amount of the Loans (as defined in the Loan and Mortgage) with respect to each Item of Equipment 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, including but not limited to all rentals, profits and other sums whether as rent, casualty payments, indemnity, liquidated damages or otherwise (the "Lease Payments") as follows:

(a) out of any of the Lease Payments, other than payments made pursuant to Sections 6, 10.2 or 16 hereof or that portion of the Interim or Periodic Rent equal to the amount of the Guaranty Fee, amounts sufficient to satisfy the obligations of the Lessor and the Lessee under the Loan and Mortgage on the date the Lease Payments are due and payable under the Lease shall be paid to the Lender in immediately available funds in care of Department of the Treasury, Division of Finance and Management Information, Treasury Annex #1, Washington, D.C. 20226, or such other place as the Lender shall in writing designate;

(b) that portion of the Lease Payments equal to the amount of the Guaranty Fee shall be paid to the Federal Railroad Administrator pursuant to Section 7 of the Government Guaranty; and

(c) payments made pursuant to Sections 6, 10.2 or 16 and any balance of the Lease Payments, after application under (a) and (b) above, shall be paid in immediately available funds directly to the Lessor at 151 West Fort Street, Detroit, Michigan 48226, Attention of Corporate Trust Department, or such other place as the Lessor shall in writing designate.

2.4. Net Lease. This Lease is a net lease. Lessee's obligation to pay all amounts hereunder shall be absolute and unconditional and the Lessee shall not be entitled to any abatement of rent or reduction thereof or recoupment of or setoff against rent including, without limitation, abatements, reductions, recoupments and setoffs due by reason of any past, present or future rights, claims or causes of action of the Lessee against the Lessor, the Manufacturer or the Trustor under this Lease, the Purchase Agreement, the Sale and Lease Back Agreement or the Loan and Mortgage nor, except as otherwise expressly provided in Sections 3, 11, 16, 17, 23 or 25 hereof, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected for any reason or cause, including, without limitation, any defect in or failure of title of the Lessor to any Item of Equipment (except for any defect or failure of title resulting solely from acts or omissions of the Lessor or the Trustor) or any defect in or damage to or loss of

possession or use or destruction of all or any Item of Equipment from whatsoever cause; any nonconformity in any respect of any Item of Equipment with the specifications applicable thereto; any liens, encumbrances or rights of others with respect to any Item of Equipment; the prohibition of, or restriction against, the Lessee's use of the Equipment or the interference with such use by any person or entity; the invalidity or unenforceability or lack of due authorization of this Lease, or the Sale and Lease Back Agreement; any insolvency of, or bankruptcy or reorganization or any similar proceedings against, the Lessee; or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding; it being the intention of the parties hereto that the rents and other amounts payable hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be discharged pursuant to the provisions of Sections 3, 11, 16, 17, 23 or 25 hereof; *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, recoupment or reduction of or setoff against 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.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the Settlement Date for such Item of Equipment and subject to the provisions of Sections 11, 16, 17, 23 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, subject to the provisions of the Loan and Mortgage, 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 at its expense 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:

"Ownership Subject to 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 Lessor and approved by the Lender in order to protect the interests of the Lessor or the Lender in such Item of Equipment and the rights of the Lessor under this Lease and of the Lender. 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 Trustor 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.

NEITHER THE LESSOR NOR THE TRUSTOR SHALL BE DEEMED TO HAVE MADE OR GIVEN, AND EACH HEREBY EXPRESSLY DISCLAIMS, ANY REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, AS TO (A) THE MERCHANTABILITY, FITNESS FOR USE, OPERATION, CONDITION OR DESIGN OF ANY ITEM OF EQUIPMENT, (B) THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP THEREIN, (C) THE LESSOR'S TITLE THERETO, (D) INTERFERENCE BY ANY PARTY OTHER THAN THE LESSOR WITH THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, OR (E) ANY OTHER MATTER WHATSOEVER (other than Lessor's Warranty as hereinafter in this Section 5 defined), UPON THE ACCEPTANCE BY THE LESSEE OF ANY SUCH ITEM, OR THE TRANSFER THEREOF TO THE LESSEE PURSUANT TO ANY PROVISION HEREOF, OR OTHERWISE, 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 or any renewal thereof 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 Item of Equipment a warranty by the Lessor that: (i) the Lessor has received whatever title (subject to the security interest of the Lender) to such Item of Equipment as was conveyed to the Lessor by the Lessor's predecessor in title to such Item of Equipment; and (ii) such Item of Equipment 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 Indemnities. Except with respect to the Lessor's or the Trustor's exercise of its right to inspect under Sections 12.3, 13, and 18 hereof, and, except with respect to payments of any fee under Section 26.1 hereof, the Lessee agrees to indemnify, protect and hold harmless the Lessor and the Trustor from and against all losses, damages, injuries, liabilities, claims and demands, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as the result of the entering into or the performance of, or the occurrence of a default or an event of default under Section 17 of, this Lease, the ownership of any Item of Equipment, the ordering, acquisition, use, operation, condition, purchase, delivery, rejection, storage or return of any Item of Equipment or any accident in connection with the operation, use, condition, possession, storage or return of any Item of Equipment resulting in damage to property or injury or death to any person; *provided, however,* the Lessee shall not indemnify, protect or hold harmless the Lessor or the Trustor from or against any losses, damages, injuries, liabilities, claims or demands (including any expenses in connection therewith) which either (i) result from actions taken by the Lessor or the Trustor which are not expressly permitted by this Lease or (ii) result from action taken or omissions to act by the Lessor or the Trustor other than with respect to the Equipment or in connection with this Lease.

6.2. Continuation of Indemnities and Assumptions. The indemnities contained in this Section 6 shall survive the expiration of the term or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of any action, suit or proceeding brought in connection with any matter indemnified against pursuant to Section 6.1 hereof, will cause such action, suit or proceeding to be defended by counsel selected by the Lessee, which counsel shall be reasonably acceptable to the Lessor, and the Lessor and the Trustor agree to cooperate with the Lessee in any such defense. In the event of the Lessee's refusal to assume such defense, the Lessee shall pay all costs and expenses incurred by the Lessor or the Trustor in connection with such defense.

6.3. Subrogation. Upon the payment in full by the Lessee of any indemnities contained in this Section 6, and provided that no event of default (or other event which with lapse of time or giving of

notice or both would constitute an event of default) shall have occurred and be continuing, the Lessee shall be subrogated to any right of the Lessor or the Trustor in respect of the matter against which indemnity has been paid. Any payments received by the Lessor (except pursuant to the Trust Agreement) or the Trustor from any person (except the Lessee or the Federal Railroad Administrator) as a result of any matter with respect to which the Lessor or Trustor has been indemnified by the Lessee pursuant to this Section 6, shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made. None of the indemnities in this Section 6 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee therefor, from or under the Lessor or the Trustor, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

SECTION 7. LAWS, RULES AND REGULATIONS.

The Lessee agrees, for the benefit of the Lessor, the Trustor and the Lender, to comply in all material respects with all applicable laws, rules, requirements or regulations of any legislative, executive, administrative or judicial body exercising any power, authority or jurisdiction over the Equipment or the Lessee including, without limitation, all laws of the jurisdictions in which the Lessee's service or operations now or hereafter may extend, and the rules and regulations of the United States Department of Transportation and the Interstate Commerce Commission, to the extent such requirements or regulations affect the title, maintenance or possession of any Item of Equipment, and in the event any change, alteration, replacement, or addition of or to any part on any Item of Equipment shall be required or ordered by any of the foregoing, the Lessee will at its own cost and expense fully comply therewith.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use or cause the use of the Equipment only in the United States, except that the Lessee may from time to time use or cause to be used in Canada Items of Equipment, provided that during any calendar year the total use of the Equipment in Canada shall not exceed, on an aggregate basis, more than 2% of the total aggregate use of the Equipment in the United States and Canada and, upon the request of the Lessor, the Lessee shall, for any calendar year specified in such request, furnish to the Lessor, within 60 days after such request, a certificate setting forth the aggregate use of the Equipment in Canada compared with the total aggregate use of the Equipment in the United States and Canada. 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 and the correcting of any initial defects therein. 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 any obligation of the Lessor to make any payment with respect thereto and without 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 obligations set forth in the preceding sentence or under Section 7 hereof. The obligations of the Lessee hereunder shall survive the termination of this Lease, and shall remain in effect until the return of the Equipment to the Lessor pursuant to Sections 13 or 18 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 Lender or claims resulting from an act of the Lessor or the Trustor), which, if unpaid, might constitute or become a lien, security interest or a charge upon the Equipment or any Item thereof or any accession thereto, 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 the validity thereof shall be contested in good faith, with due diligence and by appropriate administrative or legal proceedings in any reasonable manner, and the nonpayment thereof does not, in the reasonable opinion of the Lender, the Lessor or the Trustor, adversely affect the property rights of the Lessor in or to the Equipment or result in the imposition of any criminal penalties against the Lender, the Lessor or the Trustor. 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 duly deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor), 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 required by law or reasonably requested by the Lessor or the Lender 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 assignee'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. In addition to all payments to be made by the Lessee hereunder, the Lessee shall, subject to the exclusion hereinafter set forth, bear the full expense of and, unless precluded by law, remit directly to the proper governmental authority all taxes, fees, assessments, duties, or other charges (hereinafter collectively referred to as Imposts) levied or imposed on the Lessor, the Lessee, or the Trustee, by the United States, any state, or foreign government, and any agency, instrumentality, political subdivision or unit of the United States, any state, or foreign government, which Imposts are upon or with respect to, arising from, or in connection with or measured by this Lease, the Purchase Agreement, the Loan and Mortgage, or the Sale and Lease Back Agreement, including any document contemplated thereby (all such agreements and documents being referred to in this Section 10.2 collectively as the "Documents"), or any sale, rental, use, payment, shipment, delivery, re-delivery, or transfer of title of any property or Item of Equipment under the terms hereof or of the Documents.

The Lessee's obligation to bear and remit Imposts shall not include:

(i) United States Federal income tax payable by the Trustor or the Lessor in consequence of the receipt of payments provided for by the Documents.

(ii) All state, city, or local income taxes or franchise taxes on, or measured by, net income based on the receipt of payments provided for by the Documents up to the amount of any such taxes based on such receipts which would be payable to the state, city, or locality in which the Trustor or the Lessor has its principal place of business without apportionment to any other state, city or locality, unless the Lessor or the Trustor is required by law to apportion such receipts to such other state, city or other taxing authority, in which case the amount of tax caused by the apportioned receipts shall also be paid by the Lessor or the Trustor. The exclusion provided in this part (ii) shall not apply to state or city income tax which is in substitution for or relieves the Lessee from an Impost it is otherwise obligated to bear under the terms of this Section 10.2

The Lessee shall make all returns, statements, or reports required in connection with any Imposts which the Lessee is obligated to bear, in such manner as to show the interest of the Lessor and the Lender in such Items of Equipment; *provided, however*, that the Lessor shall, with respect to any state or political subdivision thereof or the United States of America, file required returns, statements, and reports relating to sales or use taxes, and taxes, fees, and charges on or measured by the Lessor's gross earnings or gross receipts arising from the Items of Equipment, or the value added by the Lessor thereto, and remit the amount thereof and the Lessee shall reimburse the Lessor promptly upon demand for the amount of such taxes, fees and charges upon submission to the Lessee of reasonably satisfactory evidence thereof.

The Lessee shall promptly remit all Imposts to the appropriate governmental authority within the time provided by law and will at all times keep all and every part of any Item of Equipment free and clear of any Impost which might in any way affect the title of the Lessor or the interest of the Trustor or result in a lien upon any such Item of Equipment; *provided, however*, that the Lessee shall be under no obligation to remit any Impost of any kind so long as it is contesting, in good faith and by appropriate legal proceedings, such Impost and the nonpayment thereof is authorized by law and does not, in the reasonable opinion of the Lessor and the Trustor, adversely affect the title, property or rights of the Lessor, the Trustor, or the Lender hereunder. The Lessee agrees to give the Lessor and the Lender notice of such contest within 30 days after institution thereof and the Lessor and the Trustor agree to provide information requested in writing by the Lessee as may be reasonably required by the Lessee in furtherance of said contest. If any Impost shall be charged or levied against the Lessor directly (payment of which under this Section 10.2 is to be made by the Lessee) and is remitted by the Lessor, the Lessee shall reimburse the Lessor upon submission to the Lessee of reasonably satisfactory evidence thereof.

The Lessee shall be liable for all fines, penalties, interest, and other charges imposed in connection with the reporting and remittance obligations imposed on the Lessee by this Section 10.2

In the event that during the continuance of this Lease, the Lessee becomes liable for any remittance or reimbursement pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration of this Lease, until such Impost is remitted or the Lessor is reimbursed therefor.

To the extent that the Lessee may be prohibited by law from performing in its own name the duties required by this Section 10.2, the Lessor hereby authorizes the Lessee to act in the Lessor's name and on its behalf; *provided, however*, that the Lessee shall indemnify and hold the Lessor harmless from and against any and all claims, costs, expenses, damages, losses and liabilities incurred in connection therewith as a result of, or incident to, any action by the Lessee pursuant to this authorization.

The Lessee shall, whenever requested by the Lessor or the Trustor, submit to the Lessor copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Lessor and the Trustor of the Lessee's performance of its duties under this Section 10.2. The Lessee shall also furnish promptly upon request such data as the Lessor or the Trustor reasonably may require to permit the Lessor's compliance with the requirements of taxing authorities.

SECTION 11. PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Duty of Lessee to Notify Lessor. In the event that during the term of this Lease or any renewal thereof or prior to the return of any Item of Equipment pursuant to Section 13 or Section 18 hereof, any Item of Equipment, in the good faith opinion of the Lessee, shall be or become lost, stolen, destroyed, worn out, irreparably damaged or rendered permanently unfit for use or shall be requisitioned for use or taken over by any governmental authority under the power of eminent domain or otherwise, except requisition for use or takeover by the United States Government, resulting in the loss of possession or use by the Lessee for a period of ninety consecutive days (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly notify the Lessor in writing in regard thereto and specify the date said Item of Equipment was first placed in service and the date of the Casualty Occurrence. The Lessee's obligations under this Section 11 shall survive termination of this Lease.

11.2. Sum Payable for Casualty Loss. The Lessee, on a date not later than the earlier of (x) the ninetieth day following the date on which such Item or Items of Equipment suffered a Casualty Occurrence

or (y) the date of receipt by the Lessee of any insurance proceeds in respect of such Item or Items of Equipment, shall pay to the Lessor an amount equal to the sum of (i) all installments of rent with respect to such Item or Items of Equipment accrued and unpaid to and including the rent payment date next preceding or coincident with the date of such Casualty Occurrence, (ii) the Casualty Value (as defined in Section 11.5 hereof) of such Item or Items of Equipment on the rent payment date next preceding or coincident with the date of such Casualty Occurrence, and (iii) interest at the Overdue Rate (as defined in Section 22 hereof) on the amount referred to in clause (ii) from the rental payment date as of which such Casualty Value is determined to the date on which such payment is made.

11.3. Rent Termination. On the date as of which the Casualty Value of any Item or Items of Equipment is determined in accordance with clause (ii) of Section 11.2 hereof, 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 recourse, 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 paid with respect 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 paid with respect 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 rent payment date specified in clause (ii) of Section 11.2 hereof, equal to that percentage of the Acquisition Cost of such Item of Equipment as set forth in the Casualty Value Schedule attached hereto as Exhibit B.

11.6. Requisition for Use. In the event that during the term of the Lease or any renewal thereof or prior to the return of an Item of Equipment pursuant to Section 13 or Section 18 hereof, the use of any Item of Equipment is requisitioned or taken by any governmental authority for a period not exceeding ninety consecutive days or by the United States Government, then the Lessee's obligations under this Lease with respect to such Item of Equipment shall continue to the same extent as if such requisition or taking had not occurred. Provided no event of default under Section 17 hereof shall have occurred and be continuing the Lessee shall be entitled to receive and retain for its own account all sums payable for any such period by such governmental authority or the United States Government as compensation for requisition or taking of possession up 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. Financial Statements. The Lessee shall furnish to the Lessor, promptly upon their becoming available, a copy of each of its annual reports to the Congress of the United States, including the financial statements contained therein, and its quarterly statements to the Interstate Commerce Commission on Forms RE and I (income statement) and CBS (balance sheet).

12.2. Equipment Reports. On or before April 1 in each year, commencing with the year 1976, 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.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM.

Upon the expiration of the term of this Lease or any renewal thereof, as the case may be, with respect to any Item of Equipment, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver 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 (except that, with respect to any Item of Equipment, such period shall be 180 days if the Lessee shall, pursuant to Section 23 hereof, notify the Lessor of Lessee's exercise of its option to purchase such Item of Equipment or to renew this Lease with respect thereto, and shall then not so purchase or renew), 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 delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and, upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee to so 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. The Lessee's obligations under this Section 13 shall survive termination of this Lease.

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, 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 has the corporate power, authority and legal right to execute and deliver this Lease (including the Certificates of Completion and Acceptance provided for herein), to lease the Equipment hereunder, and to execute and deliver the Purchase Agreement and the Loan and Mortgage (including the Certificates of Acceptance provided for thereunder) and the Sale and Lease Back Agreement and to perform its obligations hereunder and thereunder.

(c) The execution and delivery of this Lease (including such Certificates of Completion and Acceptance), the Purchase Agreement and the Loan and Mortgage (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 (including such Certificates of Completion and Acceptance), the Purchase Agreement and the Loan and Mortgage (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 knowledge or belief, any other governmental authority.

(e) This Lease, the Purchase Agreement, the Loan and Mortgage and the Sale and Lease Back Agreement are, and the Certificates of Acceptance and the Certificates of Completion and 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 tax 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 within the meaning of Section 1.46-3(d) of the Income Tax Regulations.

(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.

(h) To the best of the Lessee's knowledge and belief, and after good faith investigation with due diligence, the Lessee has filed all foreign, Federal, state and local tax returns which are required to be filed and has paid or made provision for the payment of all taxes which have or may become due and payable thereunder other than taxes which are being contested in good faith and for the payment of which adequate reserves have been provided.

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 hereunder or under the Loan and Mortgage, 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 Lender, 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 Purchase Agreement, the Loan and Mortgage 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 Federal law or the laws of the District of Columbia), stating that the Lease 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, and stating that all the right, title and interest received by the Lessee from the Manufacturer in and to each Item of Equipment being purchased by the Lessor under the Sale and Lease Back Agreement, has been transferred to the Lessor pursuant to the Bill of Sale referred to in the Sale and Lease Back Agreement, (iv) such releases, financing statements, waivers, certificates or letters 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 Loan and Mortgage), (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, 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, and (vi) an opinion of special Canadian counsel for the Lessee stating that the Lease and the Sale and Lease Back Agreement have been duly deposited in the office of the Registrar General of Canada pursuant to Section 86 of the Railway Act of Canada with notice of such deposit being given in the Canada Gazette in accordance with said Section 86 (or appropriate provision made therefor) and no other filing or recordation is necessary for the protection of the rights of the Lessor under such instruments in Canada or in any province or territory thereof; and (d) the Lessor shall have been furnished with executed copies of all of the documents delivered to the Lender pursuant to Article 13 of the Loan and Mortgage. The "Government Guaranty", as that term is used in this Lease, shall mean the Guaranty Agreement among the Federal Railroad Administrator on behalf of the Secretary of the Department of Transportation, the Lessor and the Lender.

Notwithstanding any other provisions of this Lease, the Lessor shall not be obligated to make payment for any Item of Equipment if any document furnished, or requested to be furnished, by the Lessee prior to the requested date of payment is not in form and substance satisfactory to or is not provided to the Trustor or if prior to such 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 to the date hereof (the "Code"), the Treasury Regulations under the Code (including but not limited to 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 written opinion of Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor (a copy of which opinion shall be furnished to the Lessee), might reasonably be expected to affect in any way the ability or the entitlement of the Trustor to claim tax benefits on a basis that is at least as favorable as that to which the Trustor would be entitled under the Internal Revenue Service ruling referred to in Section 16 hereof (whether or not such ruling has been issued) or from taking (a) investment tax 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, when most beneficial to the Trustor, with the annual allowance determined without reduction for salvage.

SECTION 16. FEDERAL INCOME TAXES.

16.1. Ownership and Federal Income Tax Benefits. The Trustor, as the owner of the Equipment for Federal income tax purposes, shall be entitled to such deductions, credits and other benefits as are provided by the Code to an owner of property, including, without limitation, the maximum depreciation deduction with respect to the Equipment authorized under Section 167 of the Code based on the aggregate Acquisition Cost in respect of the Equipment utilizing the 12-year depreciable life prescribed for the Equipment in the Asset Guidelines Class No. 00.25 in accordance with Section 167(m) of the Code employing the double declining method of depreciation, switching to the sum of-the-years-digits method when most beneficial to the Trustor (such deduction being herein called the "ADR Deduction"), deductions with respect to the Loans pursuant to Section 163 of the Code (such deductions being herein called the "Interest Deduction"), and the investment tax credit in 1975 (herein called the "Investment Credit") with respect to the aggregate Acquisition Cost of the Equipment pursuant to Section 38 and related Sections of the Code.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing or which would increase the amount of rentals required to be taken into income by the Trustor over the amounts specified to be payable under this Lease on the dates due hereunder except as specifically provided in this Lease, and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof. The Lessee agrees to keep and make available for inspection and copying by the Trustor such records as will enable the Trustor to determine whether it is entitled to the full benefit of the Investment Credit and the ADR Deduction with respect to the Equipment.

16.2. Representations and Warranties of Lessee. The Lessee represents and warrants that (i) at the time the Trustor becomes the owner of the Equipment, the Equipment will constitute "new eligible Section 38 property" within the meaning of Sections 46 and 48 of the Code, (ii) at the time the Trustor becomes the owner of the Equipment, the Equipment will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Trustor and (iii) the Lessee will not at any time during the term of this Lease, use or fail to use any Item of Equipment in such a way as to disqualify it as "Section 38 property" within the meaning of Section 48(a) of the Code.

16.3. Tax Indemnity. If (after an Internal Revenue Service Ruling (hereinafter called the "Ruling") shall have been obtained satisfactory in form and substance in the reasonable opinion of the Trustor, with respect to the tax benefits described in Section 16.1 hereof) (a) in the reasonable opinion of the Trustor (i) the Internal Revenue Service shall have questioned the validity or applicability of the Ruling with respect to the tax benefits described in Section 16.1 hereof, (ii) the Ruling shall at any time have ceased to be in full force and effect or (iii) any Change in Tax Law shall have occurred which will materially and 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 the Ruling, or (b) (i) the Trustor shall lose or shall lose the right to claim, (ii) there shall be disallowed or a deficiency shall be proposed, or (iii) there shall be recaptured with respect to the Trustor, all or any portion of the Investment Credit, the Interest Deduction or the ADR Deduction as provided to an owner of property with respect to an Item of Equipment (the events set forth in clauses (a) and (b) of this section 16.3 being hereinafter referred to as a "Loss of Tax Benefits"), then the Lessor shall, within 60 days after the date on which, in the reasonable opinion of the Trustor, the Loss of Tax Benefits occurs, notify the Lessee of such occurrence (which notice shall be accompanied by a statement setting forth the basis on 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 advise the Lessor and the Trustor in writing whether or not the Lessee wants such Loss of Tax Benefits to be contested pursuant to Section 16.5 hereof. If (i) the Lessor and the Trustor do not receive such written advice within 30 days or (ii) there shall be a termination of contest under Section 16.5, the Lessor shall 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, within 30 days after such notice from the Lessor such Items of Equipment then subject to this Lease as are specified in such notice, and assume any obligations that the Lessor or the Trustor have under the Loan and Mortgage with respect to such Items of Equipment for a purchase price equal to (A) the difference between (x) the aggregate Maximum Purchase Price (as defined in Schedule C hereto) for such Items of Equipment on the rental payment date such unpaid principal amount of the Loans was determined plus interest on the amount of such aggregate Maximum Purchase Price at the Overdue Rate from such rental payment date to the date of payment, and (y) the unpaid principal amount of the Loans applicable to such Items of Equipment determined as of the rent payment date next preceding or coincident with the date on which the Loss of Tax Benefits occurs in the reasonable opinion of the Trustor plus interest on the amount of such unpaid principal amount of the Loans at the Debt Rate (as defined in the Loan and Mortgage) from such rental payment date to the date of payment or (B) with respect to any Loss of Tax Benefits which does not involve the loss, disallowance, recapture, or adjustment of Investment Credit, an amount calculated as set forth in clause (A) of this sentence but substituting in such calculation Casualty Value in place of Maximum Purchase Price. Such purchase price shall be payable at the office of the Lessor in Detroit, Michigan, 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 interest of the Lender. Upon payment of the purchase price described in clauses (A) or (B) of this paragraph and the acceptance by the Lessee of the bill of sale, the Lease and the Sale and Lease Back Agreement shall terminate with respect to such Items of Equipment and the Lessee shall thereby unconditionally assume any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment.

In the event that the Lessor or the Trustor loses or there shall have been disallowed any foreign tax credit as a direct or indirect result of the use of any Item of Equipment in Canada or otherwise outside of the United States, the Lessee hereby agrees promptly to pay to the Lessor or to the Trustor an amount which, after deduction of all taxes required to be paid by the Lessor and the Trustor in respect of the receipt thereof under the laws of any Federal, state or local government or taxing authority of the United States or under the laws of any taxing authority or governmental subdivision of a foreign country, shall be equal to the excess of the foreign tax credit under Section 901 of the Code which would have been allowable to the Lessor or the Trustor with respect to such year and all prior years if the Lessor and the Trustor had not participated in the transactions contemplated by this Lease over the foreign tax credit actually allowable to the Lessor or the Trustor with respect to such years, together with any interest, penalties or additions to tax which may be assessed by the United States Government against the Lessor and the Trustor as a result of such loss of foreign tax credits. The Tax Department of Ford Motor Company shall in good faith calculate all amounts due under this paragraph. In connection therewith, the Trustor will provide the Lessee with a certificate of an officer of the Trustor setting forth in reasonable detail the calculation and method used in making such calculation. The Trustor agrees to provide such information (except any Federal, State or other income tax returns of the Trustor, Ford Motor Company or any affiliate of the Trustor or Ford Motor Company) as shall reasonably be requested in writing by the Lessee to determine the accuracy of any such calculation.

16.4. Right to Terminate for Tax Reasons. If the Lessor or the Trustor shall seek and shall not have obtained by September 30, 1975 (or other later date agreed to in writing by the Lessee and the Trustor) a ruling satisfactory in form and substance in the reasonable opinion of the Trustor with respect to the tax benefits specified in Section 16.1 hereof (including but not limited to a ruling that this Lease is a true lease for Federal income tax purposes; that the trust created under the Trust Agreement will be treated for tax purposes as a grantor trust and not as an association taxable as a corporation; and the Lessee is entitled to deduct its rental payments pursuant to Section 162 of the Code) then, at the option of the Trustor, the Trustor may require the Lessee to purchase from the Lessor on or before October 15, 1975 (or other later date agreed to in writing by the Lessee and the Trustor) each Item of Equipment theretofore delivered hereunder to the Lessor by (a) assuming any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment and (b) paying to the Lessor, at the office of the Lessor in Detroit, Michigan, in immediately available funds, an amount equal to the sum of the following: (i) an amount equal to the difference between (x) the aggregate Acquisition Cost of such

Items of Equipment, plus interest on the amount of such aggregate Acquisition Cost of such Items of Equipment at the Overdue Rate from the Term Lease Commencement Date to the date of payment, and (y) the unpaid principal amount of the Loans applicable to such Items of Equipment determined as of the Term Lease Commencement Date, plus interest on the amount of such unpaid principal amount of the Loans at the Debt Rate from the Term Lease Commencement Date to the date of payment, (ii) the amount of all fees and expenses payable to the Lessor for its services as Trustee and (iii) the amount of all out-of-pocket expenses (including but not limited to all attorneys' fees (not to exceed \$35,000) and disbursements and the cost of printing all documents) reasonably incurred by the Trustor in connection with the transactions contemplated by this Lease). Such amount shall be payable at the office of the Lessor in Detroit, Michigan, 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 interest of the Lender. Upon payment of the amount described in clauses (i), (ii) and (iii) of this paragraph and the acceptance by the Lessee of the bill of sale, the Lease and the Sale and Lease Back Agreement shall terminate with respect to such Items of Equipment and the Lessee shall thereby assume any obligations that the Lessor or the Trustor may have under the Loan and Mortgage with respect to such Items of Equipment.

16.5. Contest. (a) If the Lessee requests that the Trustor contest a Loss of Tax Benefits arising under Section 16.3(a) hereof, the Trustor may then file a supplementary ruling request confirming that (i) the Internal Revenue Service Ruling referred to in Section 16.3 hereof is still in full force and effect and (ii) the Trustor is entitled to all of the tax benefits set forth in the Ruling, including the full Investment Credit, ADR Deduction and Interest Deduction. If the Trustor requests such supplementary ruling and does not receive a supplementary ruling, satisfactory in form and substance in the reasonable opinion of the Trustor, within six months after making such request, there shall be deemed a termination of contest. It is understood that the Trustor may withdraw any supplementary ruling request at any time if it receives oral or written advice from the Internal Revenue Service that a supplementary ruling satisfactory in form and substance in the reasonable opinion of the Trustor will not be issued. The Trustor agrees to advise the Lessee of the receipt of such advice, in writing, by an authorized representative of the Trustor or its Tax Counsel. It is further agreed that if the Trustor does not file a supplementary ruling request upon receipt by the Trustor of the Lessee's request that the Trustor contest the Loss of Tax Benefits arising under Section 16.3(a) hereof, there shall not be a termination of contest at such time; *provided, however*, that if the Trustor does not file a supplementary ruling request and suffers a Loss of Tax Benefits arising under Section 16.3(b) hereof, the Trustor may proceed in the manner set forth in Section 16.3 hereof and as set forth below in this Section 16.5(b).

(b) Except as provided above, if the Trustor suffers a Loss of Tax Benefits arising under Section 16.3 hereof and the Lessee requests that the Trustor contest such Loss of Tax Benefits with the Internal Revenue Service, the Trustor shall be under no obligation to so contest unless:

(i) Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor render a written opinion within 45 days after receiving such request for an opinion that there is a reasonable basis to contest such Loss of Tax Benefits; and

(ii) the Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor, paid or incurred by the Trustor in connection with this paragraph.

If such an opinion that a reasonable basis to contest such Loss of Tax Benefits is rendered, the Trustor agrees in good faith to take such steps as are reasonably required in the Trustor's opinion to carry on such contest.

If Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor do not render a written opinion that there is a reasonable basis on which to contest administratively such Loss of Tax Benefits within 45 days after receiving such request for an opinion, there shall be deemed a termination of contest.

If the Trustor shall contest a Loss of Tax Benefits administratively with the Internal Revenue Service in accordance with Section 16.5(a) hereof and, in the opinion of the Trustor, does not prevail in such contest, the Trustor shall be under no obligation to contest such Loss of Tax Benefits, in respect of which Lessee may be required to indemnify the Trustor in accordance with this Section 16, in a court of competent jurisdiction unless:

(i) The Lessee requests the Trustor to contest such Loss of Tax Benefits within 10 days after the Trustor has notified the Lessee of its intent not to make such contest;

(ii) Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation selected by the Trustor render a written opinion within 45 days after receiving a request for such an opinion, that the Investment Credit, ADR Deduction, or Interest Deduction, adjusted, disallowed, or recaptured, as the case may be, is allowed under the statutes of the United States, the regulations promulgated thereunder, and decided judicial cases; and

(iii) The Lessee agrees to pay on demand all reasonable expenses, including, without limitation, the fees and disbursements of Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor, paid or incurred by the Trustor in connection with this Section 16.5(b) including, but not limited to, all expenses and legal fees incurred by the Trustor in connection with any legal proceedings contemplated by this Section 16.

If such an opinion that the Investment Credit, ADR Deduction, and Interest Deductions are allowed is rendered, the Trustor agrees in good faith to take such steps as are reasonably required in the Trustor's opinion to carry on such contest.

If the Lessee does not request the Trustor to contest any such Loss of Tax Benefits in a court of competent jurisdiction within 10 days after the Trustor has given it notice thereof or if Messrs. Sullivan & Cromwell or other independent counsel of comparable reputation, selected by the Trustor, do not render a written opinion within 45 days after such opinion is requested, that the Investment Credit, ADR Deduction or Interest Deductions, as the case may be, are allowed, there shall be deemed a termination of contest. If the Trustor institutes judicial proceedings in accordance with this Section 16.5 and does not prevail at any judicial level, there shall be deemed a termination of contest. The Trustor shall have no obligation to appeal any decision of any court.

If the Trustor decides to contest a Loss of Tax Benefits in a court of competent jurisdiction, Tax Counsel of Ford Motor Company shall determine in his sole discretion whether to petition the Tax Court of the United States for a redetermination of any adjustment or deficiency proposed to be assessed by the Internal Revenue Service or to pay any adjustment or deficiency and institute an action in a court of competent jurisdiction for a refund of taxes paid. In the event that the Trustor pays the tax resulting from any such proposed adjustment or deficiency and proceeds to seek a refund thereof, the Lessee agrees to pay the Trustor an amount equal to interest at a rate equal to 15% per annum on the amount of tax in question computed from the date of payment of such tax to the date of final determination of any such adjustment or deficiency, such amount to be payable in equal instalments within each calendar year on the dates on which rental for such period is payable under the Lease. Upon receipt by the Trustor of a refund of any tax paid by it in respect of which the Lessee has paid an amount equal to interest at the rate provided in the preceding sentence while such tax payment was being contested by the Trustor, the Trustor shall pay to the Lessee an amount equal to the aggregate amount of such interest.

Notwithstanding anything to the contrary contained in this Section 16, if Messrs. Sullivan & Cromwell or other independent counsel selected by the Trustor renders a written opinion that the Investment Credit, ADR Deductions or Interest Deductions, as the case may be, are allowed, the Trustor in its sole and absolute discretion may forego the indemnities with respect to such Investment Credit, ADR Deductions or Interest Deductions and not institute any judicial proceedings.

SECTION 17. EVENTS OF DEFAULT.

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

(i) Default, and continuance thereof for 10 days, in the payment of any rent or other amount hereunder;

(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 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 Section 14 of this Lease 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 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;

(vii) The Government Guaranty shall, for any reason, not be, or cease to be in full force and effect or if the Secretary of the Department of Transportation, or his delegate, or the Secretary of the Treasury, or his delegate, shall unequivocally repudiate his respective authority to issue or to make payment (or if any court of competent jurisdiction shall make a final determination to such effect) under any guaranty issued pursuant to Section 602 of the Rail Passenger Service Act, as amended to the date hereof; or

(viii) An event of default shall have occurred under the Loan and Mortgage, arising out of the failure of the Lessee to perform its obligations under this Lease.

When used herein, unless the context otherwise requires, the term "event of default" shall mean any event described in the foregoing clauses (i) through (viii) and the term "event which might mature into an event of default" shall mean any event which with the lapse of time or with the giving of notice to the Lessee or both, 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 either at law or in equity 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 and not as a penalty 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 (plus interest thereon at the Overdue Rate from the date rental payments cease to the date of payment), (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 the 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 Section 17(b)(3) (plus interest thereon at the Overdue Rate from the date rental payments cease to the date of payment), plus, to the extent not otherwise recovered from the Lessee pursuant to said Section 17(b)(3), (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 and may be exercised concurrently or consecutively. The references to additional rent in Sections 17(b)(3) and (4) hereof shall each include, without limitation, interest at the Overdue Rate (as hereinafter defined), to the date of receipt by the Lessor of the amount payable under said sections, 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 sections from the respective dates incurred by the Lessor.

The Lessee hereby waives any requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided to the extent such waiver is permitted by law. The failure of the Lessor to exercise the rights granted hereinbefore upon the occurrence of any event of default shall not constitute a waiver of any such right upon the continuation or recurrence of any such event of default.

It is agreed that the rights and remedies of the Lessor hereunder shall be subject to the rights and remedies of the Lender under the Loan and Mortgage.

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, at its own cost and expense, deliver the Equipment to the Lessor and store and transport the Equipment as provided in Section 13 hereof.

18.2. Specific Performance. The delivery, 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 deliver, 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 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 deliver 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 Lender 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.

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 \$50,000,000 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 sublease any Item of Equipment or, 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 insurance and public liability insurance (which includes, but is not limited to, liability for property damage and/or personal injury) covering the Equipment in the name of the Lessor, the Trustor, the Lender 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 Trustor, the Lender, 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 Lessor, the Lender and the Lessee and will be payable to the Lessor, the Lender and the Lessee as their respective interests shall appear. It is agreed that the standard all-risk physical damage policy shall provide coverage of at least \$5,000,000 for each occurrence and may provide for a deductible of not more than \$500,000 with respect to any one loss, (*provided, however*, that such policy may provide for a deductible of not more than \$1,000,000 with respect to any one loss, if such policy shall provide for coverage of at least \$10,000,000 for each occurrence) and that the public liability policy shall provide coverage of at least \$48,000,000 for each occurrence and may provide for a deductible of not more than \$2,000,000, with respect to any one loss. Any insurance proceeds resulting from insurance carried by the Lessee received by the Lessor in respect of Items of Equipment suffering a Casualty Occurrence shall be deducted from the amounts payable by the Lessee to the Lessor in respect of any Casualty Occurrence pursuant to Section 11 hereof. If the Lessor shall receive any such insurance proceeds after the Lessee shall have made payments pursuant to Section 11 hereof, without deduction for such insurance proceeds, the Lessor shall pay such proceeds to the Lessee up to an amount equal to the Casualty Value paid by the Lessee with respect to an Item of Equipment 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 required under this Section 21, certificates of insurance and related endorsements shall be delivered to the Lessor by the insurers or by the authorized representative of the insurers, as the case may be, in lieu of providing copies of the original policies. Such original policies, which shall be available for inspection by the Lessor at the Lessee's Washington, D. C.

office upon reasonable request, may be blanket policies covering other equipment not covered by this Lease provided that any blanket policy shall, in the certificates of insurance and endorsements provided for herein, 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, the Trustor and the Lender as insured parties thereunder with respect to such Items of Equipment. All such policies shall:

(a) contain an agreement by the insurers that such policies shall not be cancelled or the amount of coverage thereof or persons covered thereunder adversely changed without at least 60 days' prior written notice to the Lessor and the Lender by the insurers or the insurers' authorized representative, as the case may be;

(b) contain a breach or violation of warranties, declarations or conditions clause which shall provide that the interests of the Lessor and the Trustor thereunder shall not be rescinded, impaired, or invalidated by an act or omission of the Lessee or any other person;

(c) provide that any losses shall be payable notwithstanding the use of the Equipment for purposes other than those permitted by the terms of the policy, any change in title or ownership of the Equipment or any foreclosure or other proceeding or notice of sale relating to the Equipment, this Lease, or the Loan and Mortgage; and

(d) be primary without right of contribution from any other insurance which is carried by the Lessor, the Trustor or the Lender and shall expressly provide that all provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering each insured; each such policy shall waive any right of subrogation of the insurers to any right of the Lessor, the Lessee, the Trustor or the Lender against any person insured under such policy, and shall waive any right of the insurers to any set-off or counterclaim or any other deduction, whether by attachment or otherwise, in respect of any liability of the Trustor, the Lender, the Lessor or the Lessee.

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 hereinafter defined) on the overdue rentals and such amounts so expended for the period of time during which they are overdue or expended and not repaid. The term "Overdue Rate" shall mean interest at a rate per annum equal to the sum of (i) 72.2% multiplied by the Debt Rate (as defined in the Loan Mortgage) plus (ii) 4.17%.

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 (as defined in Section 5 hereof), but without recourse or 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) "Fair market value" shall be determined on the basis of, and shall be equal in amount to, the purchase price which would obtain in an arm's-length transaction between an informed and willing purchaser (other than a purchaser currently in possession) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such purchase price. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to purchase the Equipment, the Lessor and the Lessee are unable to agree upon a determination of the fair market value of the Equipment, such purchase price shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 30 days after such notice is given, and the two appraisers so appointed shall, if they are unable to agree upon a determination of the fair market value of the Equipment within 10 days following their appointment, appoint a third independent appraiser within 15 days following their appointment. If the two appraisers are unable to so agree upon a determination of fair market value and do not so appoint a third appraiser, either party may thereupon apply to the American Arbitration Association to make such appointment promptly, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair market value of the Equipment within 10 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of fair market value of the single appraiser appointed shall be final and binding upon the parties hereto. If two appraisers shall be appointed and shall agree upon a determination of fair market value, such determination shall be final and binding upon the parties hereto. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the fair market value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining fair market value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to institute any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

(c) There shall be deducted from the option price payable hereunder an amount equal to the fair market value (determined as provided in paragraph (b) of this Section 23.1) of the modifications (as hereinafter defined) to the Equipment. The fair market value of each modification shall be determined independently of its value as part of the Item of Equipment in which it is incorporated. "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 aggregate of the fair market values of the modifications to an Item of Equipment.

(d) Unless the Lessee has given the Lessor 180 days' notice as required in connection with exercise of the foregoing option, or if after the determination of the option price of the Equipment pursuant to Section 23.1(b) hereof the Lessee shall have advised the Lessor that it has decided not to purchase the Equipment pursuant to Section 23.1(a) hereof, 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 delivery to the Lessee of a bill of sale for the Equipment purchased by the Lessee as provided in Section 23.1(a) hereof; *provided, however*, that with respect to any Casualty Occurrence occurring after the end of the term of this Lease or any renewal thereof, if the purchase price has been agreed upon by the parties pursuant to this Section 23, such purchase price shall govern the amount of the payment to be made in the event of a Casualty Occurrence.

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 in respect of all, but not less than all, Items of Equipment then covered by this Lease, for a consecutive extended term or terms of one year or any integral multiple thereof; *provided, however*, that the aggregate of such extended term or terms shall not exceed four years. Each such term or terms shall be 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 180 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 15 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) "Fair market rental value" shall be determined on the basis of, and shall be equal in amount to, the rental which would obtain in an arm's-length transaction between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such rental. If, after 30 days from the giving of notice by the Lessee of the Lessee's election to extend the term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the fair market rental value of the Equipment, such rental shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 days after such notice is given, each party shall appoint an independent appraiser within 30 days after such notice is given, and the two appraisers so appointed shall, if they are unable to agree upon a determination of the fair market rental value of the Equipment within 10 days following their appointment, appoint a third independent appraiser within 15 days following their appointment. If the two appraisers are unable to so agree upon a determination of fair market value and do not so appoint a third appraiser, either party may thereupon apply to the American Arbitration Association to make such appointment promptly, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine the fair market rental value of the Equipment subject to the proposed extended term within 10 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of fair market rental value of the single appraiser appointed shall be final and binding upon the parties hereto. If two appraisers shall be appointed and shall agree upon a determination of fair market rental value, such determination shall be final and binding upon the parties hereto. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as the fair market rental value. The appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining fair market rental value and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to institute any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

(c) There shall be deducted from the rental payable hereunder for any renewal term an amount equal to the fair market rental value (determined as provided in paragraph (b) of this Section 23.2)

of the modifications to the Equipment. The fair market rental value of each modification shall be determined independently of its value as part of the Item of Equipment in which it is incorporated.

SECTION 24. IMMUNITIES; NO RECOURSE.

It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all of the representations, 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 Manufacturers National Bank of Detroit, 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 corporate capacity or for the purpose or with the intention of binding it in its individual corporate capacity, but are made and intended for the purpose of binding only the Trust Estate as that term is used in 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 Manufacturers National Bank of Detroit, 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 corporate capacity is assumed by nor shall at any time be asserted or enforceable against said Bank or the Trustor, or any incorporator or any past, present or future subscriber to the capital stock of said Bank or the Trustor, on account of this Lease or the Sale and Lease Back Agreement or on account of any representation, covenant, undertaking or agreement of said Bank or the Trustor, in this Lease or the Sale and Lease Back Agreement contained, either expressed or implied, all such individual or corporate liability, 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 said Trust Estate 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, to the extent of the Trust Estate. 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 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 occurrence of the event of default specified in 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 Detroit, Michigan, 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 25.1) for all of the Equipment, (ii) interest at the Overdue Rate on the amount set forth in clause (i) above from the date as of which such amount was determined to and including the date of payment thereof, (iii) any rent accrued and unpaid on the Equipment to and including the rent payment date as of which the Casualty Value is determined under this Section 25.1 and (iv) any other amounts owing by the Lessee to the Lessor hereunder.

25.2. 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.

25.3. Conveyance by Lessor. On the date of any purchase of an Item of Equipment as provided in Section 16 hereof or as provided in this Section, the Lessor will sell such Item of Equipment to the Lessee

by delivering to the Lessee, without recourse, 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.

25.4. Satisfaction of Obligation to Pay Casualty Value. If the Lessee shall purchase the Equipment pursuant to Section 16 hereof or 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 Section 16 hereof or this Section 25.

SECTION 26. MISCELLANEOUS.

26.1. Fees. Each of the Lessor and the Lessee represents that there has been no third party, other than Warburg Paribas Becker Inc., involved as agent, broker or finder in connection with this Lease. The payment of the fee of Warburg Paribas Becker Inc. 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, 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 (including reasonable attorneys' fees), as trustee under the Trust Agreement, for the acceptance and administration of the trust. The Lessee will reimburse the Lessor for such fees and expenses promptly upon notice from the Lessor of the amount thereof. It is agreed that the Lessor's initial fee for acceptance of the trust (including the annual fee for administration of the trust for the first year) shall be \$3,500 and that the Lessor's annual fee for administration of the trust shall be \$850.

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 and, in making such payments, the Lessor may rely on invoices and other documents evidencing the amounts required to be paid, which are reasonably satisfactory to it. The amount of any such payment and the Lessor's 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 Trust Agreement, 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 151 West Fort Street, Detroit, Michigan 48226, Attention: Corporate Trust Department, 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 and construed under 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; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof, if any, and of any assignment hereof, as shall be conferred by the laws of the several jurisdictions in which this Agreement or any assignment hereof shall be filed, recorded or deposited.

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, the Trust 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 or any assignee thereof.

26.12. Approvals of the Federal Railroad Administrator. The parties agree that before any amendment or modification (other than to the specifications contained in Exhibit A to the Purchase Agreement, as it may be amended from time to time) of this Lease, or any assignment or transfer of the interest of the Lessor hereunder or the 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, which approval shall not be unreasonably withheld. 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.

26.13. 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.

MANUFACTURERS NATIONAL BANK
OF DETROIT,
as Trustee

By

Authorized Officer

(CORPORATE SEAL)

ATTEST

Authorized Officer

LESSOR

NATIONAL RAILROAD PASSENGER CORPORATION

By

Treasurer

(CORPORATE SEAL)

ATTEST

Secretary

LESSEE

Government Guaranty

The Deputy 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 March 20, 1975 among the Deputy Federal Railroad Administrator of the Department of Transportation of the United States of America, as Guarantor, Manufacturers National Bank of Detroit, as Trustee, and Federal Financing Bank, as Lender.

DEPUTY FEDERAL RAILROAD ADMINISTRATOR

By *Asaph A. Hall*
Deputy Federal Railroad Administrator

ATTEST:

Christopher S. Miffitt
Chief Counsel F.R.A.

GUARANTOR

CITY OF WASHINGTON
STATE OF MICHIGAN } ss.:
COUNTY OF WAYNE
DISTRICT OF COLUMBIA

DONALD E. BLACK

On this 20 day of Nov, 1975, before me personally appeared [Signature], to me personally known, who being by me duly sworn, says that he is an Authorized Officer of MANUFACTURERS NATIONAL BANK OF DETROIT, that one of the seals affixed to the foregoing instrument is the corporate seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.

[Signature]
Notary Public

(SEAL)

My Commission Expires: My Commission Expires August 31, 1978

CITY OF WASHINGTON } ss.:
DISTRICT OF COLUMBIA

On this 20 day of Nov, 1975, before me personally appeared [Signature], to me personally known, who being by me duly sworn, says that he is the Treasurer 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.

[Signature]
Notary Public

(SEAL)

My Commission Expires: My Commission Expires August 31, 1978

CITY OF WASHINGTON } ss.:
DISTRICT OF COLUMBIA

On this 20 day of Nov, 1975, before me personally appeared Asaph H. Hall, 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.

Notary Public

[Signature]

(SEAL)

My Commission Expires:
My Commission Expires August 31, 1978

SCHEDULE A

DESCRIPTION OF EQUIPMENT*

<u>Type</u>	<u>Quantity</u>	<u>Place of Acceptance</u>	<u>Train Price</u>	<u>Total Price</u>	<u>Delivery</u>
ANF-Industrie, S.A. turbine-powered passenger RTG train .	4	Glenn, Illinois	\$3,600,000†	\$14,400,000†	2 in Mar. 1975 2 in Apr. 1975

DESCRIPTION OF ITEMS OF EQUIPMENT

<u>Type</u>	<u>Quantity Per Train</u>	<u>Total</u>	<u>R. R. Nos.</u>
Front power section for turbine-powered RTG train ..	1	4	58, 64, 66, 68
Rear power section for turbine-powered passenger RTG train	1	4	59, 65, 67, 69
Intermediate trailer section for turbine-powered passenger RTG train.....	2	8	80, 82, 83, 85, 86, 88, 89, 97
Intermediate bar-grill section for turbine-powered passenger RTG train.....	1	4	81, 84, 87, 96

* A more complete description of the Basic Equipment is contained in Section 1.1 of the Purchase Agreement and Exhibit A thereto. Cost of completion of furnishings and other costs are set forth in Schedule II to the Sale and Lease Back Agreement (as defined in the Loan and Mortgage).

† Less the cost of one auxiliary engine which will not be included in front power section No. 66.

SCHEDULE B

SCHEDULE OF CASUALTY VALUE

CASUALTY VALUE: The following per cent of the Acquisition Cost (as defined in the Lease) to the Lessor of any Item of Equipment is to be paid pursuant to Section 11 of the Lease as the result of any Item of Equipment becoming the subject of a Casualty Occurrence. 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, Casualty Value shall equal 103.05%.

<u>If Casualty Occurrence is during semiannual period ending on Periodic Rent Payment Date</u>	<u>Casualty Value Payable Per Item</u>	<u>If Casualty Occurrence is during semiannual period ending on Periodic Rent Payment Date</u>	<u>Casualty Value Payable Per Item</u>
1.....	104.24%	16.....	64.06%
2.....	103.96	17.....	61.26
3.....	103.41	18.....	58.37
4.....	102.59	19.....	55.40
5.....	101.54	20.....	52.34
6.....	95.58	21.....	49.21
7.....	94.07	22.....	46.04
8.....	92.35	23.....	42.83
9.....	90.42	24.....	39.57
10.....	83.63	25.....	36.29
11.....	81.39	26.....	32.96
12.....	79.06	27.....	29.60
13.....	76.62	28.....	26.20
14.....	69.41	29.....	22.77
15.....	66.78	30.....	19.34
		Thereafter.....	15.00

SCHEDULE C

SCHEDULE OF MAXIMUM PURCHASE PRICE

The MAXIMUM PURCHASE PRICE shall mean the following per cent of the Acquisition Cost (as defined in the Lease) to the Lessor of an Item of Equipment for the purpose of determining any amount payable pursuant to Section 16.2 of the Lease. 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.

If Maximum Purchase Price is determined as of any date prior to Periodic Rent Payment Date	Maximum Purchase Price Payable Per Item	If Maximum Purchase Price is determined as of any date prior to Periodic Rent Payment Date	Maximum Purchase Price Payable Per Item
1.....	104.24%	16	78.06%
2.....	103.96	17	75.26
3.....	103.41	18	72.37
4.....	102.59	19	69.40
5.....	101.54	20	66.34
6.....	95.58	21	63.21
7.....	98.74	22	60.04
8.....	97.02	23	56.83
9.....	95.09	24	53.57
10	88.30	25	50.29
11	90.72	26	46.96
12	88.39	27	43.60
13	85.95	28	40.20
14	78.74	29	36.77
15	80.78	30	33.34
		Thereafter	29.00

EXHIBIT 1

CERTIFICATE OF COMPLETION AND ACCEPTANCE

To: MANUFACTURERS NATIONAL BANK OF DETROIT, as Trustee
under Trust Agreement dated as of January 1, 1975.

I, duly appointed inspector and authorized representative of NATIONAL RAILROAD PASSENGER CORPORATION ("Railroad"), for the purpose of the Equipment Lease (the "Lease") dated as of January 1, 1975, between Manufacturers National Bank of Detroit, Trustee under the Trust Agreement dated as of January 1, 1975, as Lessor, and the Railroad, as Lessee, do hereby certify that I have inspected, received, approved and accepted delivery of, on behalf of the Railroad and the Lessor under the Equipment Lease, the following units of Equipment:

MANUFACTURER:

TYPE OF EQUIPMENT:

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF UNITS:

NUMBERED:

I do further certify, for the foregoing purpose, that the foregoing Equipment is in good order and condition, and appears to conform to the specifications applicable thereto referred to in the Purchase Agreement dated as of June 24, 1974, as amended as of January 23, 1975, between the Railroad and ANF-Industrie, S.A. and in the Sale and Lease Back Agreement dated as of January 1, 1975, between the Trustee and the Railroad, and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications and that each unit included therein has been marked in accordance with the specifications set forth in Section 4.2 of the Lease.

The execution of this certificate will in no way relieve or decrease the responsibility of the manufacturers of the Equipment for any warranties they have made with respect to the Equipment or for any other obligations which they now or may hereafter have to the Railroad.

Dated: _____, 1975.

.....
Inspector and Authorized
Representative of
NATIONAL RAILROAD PASSENGER CORPORATION