

CRAVATH, SWAINE & MOORE

ONE CHASE MANHATTAN PLAZA

NEW YORK, N.Y. 10005

212 HANOVER 2-3000

10814

TELEX

RCA 233663

WJ 55547

WUI 620976

RECORDATION NO. 10814

SEP 14 1979-1 45 PM

INTERSTATE COMMERCE COMMISSION

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

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

RECORDATION NO. 10814 Filed 1425

SEP 14 1979-1 45 PM

INTERSTATE COMMERCE COMMISSION

COUNSEL
SWELL L. GILPATRICK
CARLYLE E. MAW
ALBERT R. CONNELLY
FRANK H. DETWEILER
GEORGE G. TYLER

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

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

33 THROGMORTON STREET
LONDON EC2N 2BR, ENGLAND
TELEPHONE: 01-606-1421
TELEX: 881490I

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

No.

SEP 14 1979

Fee \$ 10000

RECORDATION NO. 10814 Filed 1425

SEP 14 1979-1 45 PM

ICC Washington, INTERSTATE COMMERCE COMMISSION

RECORDATION NO. 10814 Filed 1425
SEP 14 1979-1 45 PM
INTERSTATE COMMERCE COMMISSION

September 13, 1979

Indiana Farm Bureau Cooperative Association, Inc.
Lease Financing Dated as of July 1, 1979
Conditional Sale Indebtedness Due 1995
[CS&M Ref.: 4255-029]

Dear Sirs:

Pursuant to 49 U.S.C. § 11303(a), I enclose here-
with on behalf of Continental Illinois National Bank and
Trust Company of Chicago (a party to this transaction) for
filing and recordation counterparts of the following docu-
ments:

(1)(a) Conditional Sale Agreement dated as of
July 1, 1979, between Mercantile-Safe Deposit and Trust
Company, as Owner-Trustee, and Trinity Industries, Inc.,
as Builder; and

(b) Agreement and Assignment dated as of July 1,
1979, between Trinity Industries, Inc., as Builder, and
Continental Illinois National Bank and Trust Company
of Chicago, as Agent.

(2)(a) Lease of Railroad Equipment dated as of
July 1, 1979, between Indiana Farm Bureau Cooperative
Association, Inc., as Lessee, and Mercantile-Safe
Deposit and Trust Company, as Owner-Trustee; and

Michael McCormick
Countryman

(b) Assignment of Lease and Agreement dated as of July 1, 1979, between Mercantile-Safe Deposit and Trust Company, as Owner-Trustee, and Continental Illinois National Bank and Trust Company of Chicago, as Agent.

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

(1) Agent-Assignee:

Continental Illinois National Bank
and Trust Company of Chicago
30 North LaSalle Street
Chicago, Illinois 60693

(2) Trustee-Owner-Trustee-Lessor:

Mercantile-Safe Deposit and Trust Company
P. O. Box 2258
Baltimore, Maryland 21203

(3) Builder-Vendor:

Trinity Industries, Inc.
4001 Irving Road
Dallas, Texas 75207

(4) Lessee:

Indiana Farm Bureau Cooperative
Association, Inc.
120 East Market Street
Indianapolis, Indiana 46204

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

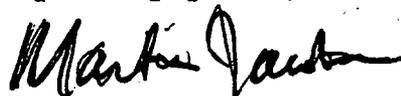
The equipment covered by the aforementioned documents consists of 100 100-ton welded triple covered hopper cars bearing identifying numbers PLMX 11551-11650, inclusive.

There is also enclosed a check for \$100 payable to the Interstate Commerce Commission, representing the fee for recording the Conditional Sale Agreement and related Agreement and Assignment (together constituting one document) and

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

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

Very truly yours,



Martin D. Jacobson
As Agent for Continental
Illinois National Bank and
Trust Company of Chicago

Interstate Commerce Commission,
Washington, D. C. 20423

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

Encls.

17

Interstate Commerce Commission
Washington, D.C. 20423

9/14/79

OFFICE OF THE SECRETARY

Martin D. Jacobson
Cravath, Swaine & Moore
One Chase Manhattan Plaza
New York, N.Y. 10005

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 9/14/79 at 1:45pm, and assigned re-
recording number(s). 10814, 10814-A, 10814-B, 10814-C

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

.. 10814/B

RECORDATION NO. Filed 1425

SEP 14 1979 -1 45 PM

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of July 1, 1979,

between

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.,

Lessee,

and

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY,
not in its individual capacity,
but solely as Owner-Trustee for
INTERNATIONAL PAPER LEASING CORPORATION,

Lessor.

LEASE OF RAILROAD EQUIPMENT dated as of July 1, 1979, between INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC., an Indiana agricultural cooperative association (hereinafter called the Lessee), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland banking corporation, acting not in its individual capacity but solely as Trustee (hereinafter, together with its successors and assigns, called the Owner-Trustee) under a Trust Agreement dated as of the date hereof (hereinafter called the Trust Agreement), with INTERNATIONAL PAPER LEASING CORPORATION (hereinafter called the Owner).

The Owner-Trustee has entered or will enter into a conditional sale agreement (hereinafter called the Security Document) with Trinity Industries, Inc. (hereinafter called the Builder), pursuant to which the Owner-Trustee has agreed or will agree to purchase and take delivery of the railroad equipment described in Schedule A hereto (hereinafter called the Equipment).

The Builder is assigning its interests in the Security Document pursuant to an Agreement and Assignment (hereinafter called the Assignment) to Continental Illinois National Bank and Trust Company of Chicago, acting as Agent (hereinafter together with its successors and assigns called the Vendor), under a Participation Agreement dated as of the date hereof (hereinafter called the Participation Agreement) with the Lessee, the Owner-Trustee, the Owner and American United Life Insurance Company (hereinafter, together with any successors or assigns, called the Investors).

The Lessee agrees to lease from the Owner-Trustee all the units of the Equipment (or such lesser number of units as are delivered and accepted and settled for under the Security Document) at the rentals and for the term and upon the conditions hereinafter provided (each such unit so leased being hereinafter called a Unit).

The Owner-Trustee will assign certain of its rights under this Lease as security to the Vendor pursuant to an Assignment of Lease and Agreement dated as of the date hereof (hereinafter called the Lease Assignment) and each of the Lessee will consent to the Lease Assignment pursuant to a

Consent and Agreement substantially in the form attached thereto (hereinafter called the Consent).

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

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

except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Owner-Trustee, the Owner or the Vendor for any reason whatsoever.

§ 2. Delivery and Acceptance of Units. The Owner-Trustee hereby appoints the Lessee its agent for inspection and acceptance of the Units pursuant to the Security Document; provided, however, that such acceptance shall be in accordance with the provisions of Article 3 of the Security Document. Each delivery of a Unit to the Owner-Trustee under the Security Document shall be deemed to be a delivery hereunder to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Owner-Trustee under the Security Document. Upon such delivery, the Lessee will cause an employee or agent of the Lessee to inspect the same, and if such Unit is found to be acceptable, to accept delivery of such Unit on behalf of the Owner-Trustee under the Security Document and itself hereunder and to execute and deliver to the Owner-Trustee a certificate of acceptance (hereinafter called the Certificate of Acceptance) in accordance with the provisions of Article 3 of the Security Document, stating that such Unit has been inspected and accepted on behalf of the Lessee and the Owner-Trustee on the date of such Certificate of Acceptance and is marked in accordance with § 5 hereof, whereupon, except as provided in the next sentence hereof, such Unit shall be deemed to have been delivered to and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease. The delivery, inspection and acceptance hereunder of any unit of Equipment excluded from the Security Document pursuant to the second paragraph of Article 3 or the first paragraph of Article 4 thereof shall be null and void and ineffective to subject such Unit to this Lease. The Lessee hereby represents and warrants to the Owner-Trustee that no Unit shall be put into service earlier than the date of delivery to and acceptance by the Lessee or its agent as agent for the Owner-Trustee hereunder.

§ 3. Rentals. With respect to each Unit subject to this Lease, the Lessee will pay to the Owner-Trustee (i) as basic rentals, 180 consecutive equal monthly payments, payable in advance on the first day of each calendar month, commencing January 1, 1980, and (ii) as interim rental, one payment on January 1, 1980. The 180 monthly rental payments shall each be in an amount equal to .88832%

of the Purchase Price (as defined in the Security Document) of each Unit subject to this Lease on the date of such payment. The interim rental payment shall be in an amount equal to the product of the Purchase Price of each Unit subject to this Lease on the date of payment multiplied by .02961% for each day elapsed from and including the date of acceptance of such Unit to, but excluding, January 1, 1980. If the Owner-Trustee shall make a payment or payments pursuant to clause (a)(ii) of the third paragraph of Article 4 of the Security Document, the Owner-Trustee and the Lessee agree that the rentals payable hereunder and the Casualty Values set forth in Schedule B hereto will be appropriately adjusted in order that the Owner's after-tax return on and rate of recovery of investment and the annual net cash flows (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Owner in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Values, as so adjusted, shall be sufficient to satisfy the obligations of the Owner-Trustee under the Security Document, notwithstanding any limitation of liability contained therein.

The rental payments hereinbefore set forth are also subject to adjustment pursuant to ~~§§ 9 and~~ 22 hereof. 

In addition to the foregoing basic rentals, the Lessee will pay to the Owner-Trustee the following additional rentals: (i) an amount equal to any deficiency amount required to be paid by the Owner-Trustee pursuant to the first paragraph of Paragraph 9 of the Participation Agreement, (ii) an amount equal to any amount required to be paid by the Owner-Trustee pursuant to clause (a) of the last paragraph of Paragraph 9 of the Participation Agreement and (iii) an amount equal to any amount required to be paid by the Owner-Trustee pursuant to clause (b) of the last paragraph of Paragraph 9 of the Participation Agreement, in each case on such date as will enable the Owner-Trustee to make such payment.

If any of the rental payment dates referred to above is not a Business Day (as such term is defined in the Security Document) the rental payment otherwise payable on such date shall then be payable on the next succeeding Business Day, and no interest shall be payable for the period from and after the nominal date for payment thereof to such next succeeding Business Day.

The Owner-Trustee irrevocably instructs the Lessee to make, and the Lessee agrees to make, all the payments

(other than payments not assigned to the Vendor under the Lease Assignment) due the Owner-Trustee provided for in this Lease including, but not limited to, all payments provided for in this § 3 and in § 7 hereof, (i) for so long as the Security Document shall remain in effect, to the Vendor, for the account of the Owner-Trustee, in immediately available funds at or prior to 11 a.m. (Chicago time) to the office of the Vendor (at 30 North La Salle Street, Chicago, Illinois 60693, Attention of Corporate Trust Department) on the date due, with instructions to the Vendor to apply such payments in accordance with the provisions of Paragraph 10 of the Participation Agreement, and (ii) if the Security Document shall no longer be in effect, to the Owner-Trustee or as directed by the Owner-Trustee in immediately available funds at such place as the Owner-Trustee shall specify in writing.

§ 4. Term of Lease. The term of this Lease as to each Unit shall begin on the date of delivery and acceptance of such Unit hereunder and, subject to the provisions of §§ 7, 10 and 13 hereof, shall terminate on January 1, 1995. Except for obligations of the Lessee hereunder which are specifically stated to terminate at a fixed time, the obligations of the Lessee hereunder (including, but not limited to, the obligations under §§ 3, 6, 7, 9, 11, 14, 19 and 22 hereof) shall survive the expiration of the term of this Lease.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the Security Document; provided, however, that the Lessee shall be entitled to possession and use of the Units in accordance with the second paragraph of § 12 hereof.

§ 5. Identification Marks. The Lessee will, at its own expense, cause each Unit to be kept numbered with the identifying number set forth in Schedule A hereto, or in the case of any Unit not there listed such identifying number as shall be set forth in any amendment or supplement hereto extending this Lease to cover such Unit, and will keep and maintain or cause to be kept and maintained, plainly, distinctly, permanently and conspicuously marked on each side of each Unit, in letters not less than one inch in height, the words, "OWNERSHIP SUBJECT TO A SECURITY AGREEMENT FILED WITH THE INTERSTATE COMMERCE COMMISSION", or other appropriate words designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law or reasonably requested in order to protect the Owner-Trustee's title to and the Vendor's security

interest in such Unit and the rights of the Owner-Trustee under this Lease and of the Vendor under the Security Document. The Lessee will not place or permit any such Unit to be placed in operation or exercise any control or dominion over the same until such words shall have been so marked on both sides thereof and will replace or cause to be replaced promptly any such name and words which may be removed, defaced, obliterated or destroyed. The Lessee will not change or permit to be changed the identifying number of any Unit unless and until (i) a statement of new number or numbers to be substituted therefor shall have been filed with the Vendor and the Owner-Trustee and duly filed, recorded and deposited by the Lessee in all public offices where this Lease and the Security Document shall have been filed, recorded and deposited and (ii) the Lessee shall have furnished the Vendor and the Owner-Trustee an opinion of counsel to the effect that such statement has been so filed, recorded and deposited, such filing, recordation and deposit will protect the Vendor's and the Owner-Trustee's interests in such Units and no filing, recording, deposit or giving of notice with or to any other Federal, state or local government or agency thereof is necessary to protect the interests of the Vendor and the Owner-Trustee in such Units.

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

§ 6. Taxes. All payments to be made by the Lessee hereunder will be free of net expense (after giving effect to Federal, state and local income tax benefits accruing to the Owner-Trustee) to the Owner-Trustee for collection or other charges and will be free of net expense (after giving effect to Federal, state and local income tax benefits accruing to the Owner-Trustee) to the Owner-Trustee with respect to the amount of any local, state, Federal, or foreign taxes (other than any United States Federal income tax payable by the Owner-Trustee in consequence of the receipt of payments provided for herein and other than the aggregate of all state or city income taxes or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and city in which the Owner-Trustee has its principal place of business without apportionment to any other state,

except any such tax which is in substitution for or relieves the Lessee from the payment of taxes which it would otherwise be obligated to pay or reimburse as herein provided) or license fees, assessments, charges, fines or penalties (all such expenses, taxes, license fees, assessments, charges, fines and penalties being hereinafter called impositions) hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the Security Document, all of which impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom (except as provided above) or upon the Owner-Trustee solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all impositions which might in any way affect the title or the interest of the Owner-Trustee or result in a lien upon any such Unit; provided, however, that the Lessee shall be under no obligation to pay any impositions of any kind so long as it is contesting in good faith and by appropriate legal or administrative proceedings such impositions and the nonpayment thereof does not, in the reasonable opinion of the Owner-Trustee, adversely affect the title, property or rights of the Owner-Trustee hereunder or the Vendor under the Security Document. The Lessee agrees to give the Owner-Trustee notice of such contest within 30 days after institution thereof and the Owner-Trustee agrees to provide such information as may be reasonably requested by the Lessee in furtherance of such contest. If any impositions shall have been charged or levied against the Owner-Trustee directly and paid by the Owner-Trustee, the Lessee shall reimburse the Owner-Trustee on presentation of an invoice therefor.

In the event that the Owner-Trustee shall become obligated to make any payment to the Builder or the Vendor or otherwise pursuant to any correlative provision of the Security Document not covered by the foregoing paragraph of this § 6, the Lessee shall upon demand pay such additional amounts (which shall also be deemed impositions hereunder) to the Owner-Trustee as will enable the Owner-Trustee to fulfill completely its obligations pursuant to said provision.

In the event any returns, statements or reports with respect to impositions are required to be made, the Lessee will make such returns, statements and reports in such

manner as to show the interest of the Owner-Trustee and the Vendor in such units; provided, however, that the Owner-Trustee shall, with respect to any state or political subdivision thereof of 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 Owner-Trustee's earnings or gross receipts arising from the Units, or the value added by the Owner-Trustee thereto, and remit the amount thereof and the Lessee shall reimburse the Owner-Trustee promptly upon demand for the amount of such taxes, fees and charges.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reimbursement of any imposition, pursuant to this § 6, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

To the extent the Lessee may be prohibited by law from performing in its own name the duties required by this § 6, the Owner-Trustee hereby authorizes the Lessee to act in its own name and on its behalf; provided, however, that the Lessee shall indemnify and hold the Owner-Trustee 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 reasonably requested by the Owner-Trustee, submit to the Owner-Trustee copies of returns, statements, reports, billings and remittances, or furnish other evidence satisfactory to the Owner-Trustee of the Lessee's performance of its duties under this § 6. The Lessee shall also furnish promptly upon request such data as the Owner-Trustee reasonably may require to permit the Owner-Trustee's compliance with the requirements of taxing jurisdictions.

§ 7. Maintenance; Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition, reasonable wear and tear excepted.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed, or, in the opinion of the

Lessee or its agent, irreparably damaged from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a stated period which shall exceed the then remaining term of this Lease or for an indefinite period, or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days (such occurrences being hereinafter called Casualty Occurrences), prior to the return of such Unit in the manner set forth in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee and the Vendor with respect thereto. On the January 1 or July 1 next succeeding such notice the Lessee shall pay to the Owner-Trustee an amount equal to the rental payment or payments in respect of such Unit due and payable on such date plus a sum equal to the Casualty Value (as hereinafter defined) of such Unit as of the date of such payment in accordance with the schedule set out below. Upon the making of such payment by the Lessee in respect of any Unit, the rental for such Unit shall cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft, complete destruction or return to the Builder of such Unit) the Owner-Trustee shall be entitled to recover possession of such Unit. The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit suffering a Casualty Occurrence or any component thereof, as soon as possible, at the best price obtainable on an "as is, where is" basis, without recourse, representation, or warranty, express or implied. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be that percentage of the Purchase Price of such Unit as is set forth in Schedule B hereto opposite such date.

Whenever any Unit shall suffer a Casualty Occurrence after termination of this Lease and before such Unit shall have been returned in the manner provided in § 14 hereof, the Lessee shall promptly and fully notify the Owner-Trustee with respect thereto and pay to the Owner-Trustee an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Owner-Trustee shall be entitled to recover possession of such Unit. The Owner-Trustee hereby appoints the Lessee its agent to dispose of any Unit

suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is" basis. Provided that the Lessee has previously paid the Casualty Value to the Owner-Trustee, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Owner-Trustee.

In the event of the requisition for use by the United States Government or any agency thereof (hereinafter called the Government) of any Unit during the term of this Lease or any renewal thereof for a stated period not in excess of the then remaining term of this Lease or any renewal thereof, all of the Lessee's obligations under this Lease with respect to such Unit shall continue to the same extent as if such requisition had not occurred, except that if such Unit is returned by the Government at any time after the end of the term of this Lease or any renewal thereof, the Lessee shall be obligated to return such Unit to the Owner-Trustee pursuant to § 11 or 14 hereof, as the case may be, promptly upon such return by the Government rather than at the end of the term of this Lease or any renewal thereof, but the Lessee shall in all other respects comply with the provisions of said § 11 or 14, as the case may be, with respect to such Unit. All payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit during the term of this Lease or any renewal thereof shall be paid over to, or retained by, the Lessee provided no Event of Default (or other event which after notice or lapse of time or both would become an Event of Default) shall have occurred and be continuing; and all payments received by the Owner-Trustee or the Lessee from the Government for the use of such Unit after the term of this Lease or any renewal thereof, shall be paid over to, or retained by, the Owner-Trustee.

The Lessee will, at all times prior to the return of the Equipment to the Owner-Trustee, at its own expense, cause to be carried and maintained property insurance in respect of the Units at the time subject hereto, and public liability insurance, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned or leased by it and in any event comparable to such insurance typically carried by railroad companies in respect of similar equipment; provided, however, that the Lessee shall carry and maintain property insurance in respect of the Units and public liability insurance no less in amount or against fewer risks than carried on the date of execution of this Agreement by the Lessee in respect of similar equipment then owned or leased by it. All policies with respect to such

insurance shall be with an insurance carrier acceptable to the Owner-Trustee and the Vendor, shall name the Owner-Trustee (both in its individual and trust capacity), the Owner and the Vendor as additional named insureds or loss payees, as their interests may appear, shall provide for at least 30 days' prior written notice by the insurance carrier to the Owner-Trustee, the Owner and the Vendor in the event of cancellation, expiration or amendment (and the Lessee shall provide 30 days' prior written notice to the Owner-Trustee, the Owner and the Vendor in any such event), shall include waivers by the insurer of all claims for premiums against the Owner-Trustee, the Owner and the Vendor and shall provide that losses are payable notwithstanding, among other things, any act of negligence of the Lessee, the Owner-Trustee, the Owner or the Vendor, more hazardous use or occupation of the Units than that permitted by such policies, any breach or violation by the Lessee, the Owner-Trustee, the Owner or the Vendor of any warranty, declaration, condition or other provision contained in any such policy, or foreclosure, notice of sale or any other proceeding in respect of the Units, or any change in the title to or ownership of any of the Units. Each such insurance policy shall expressly provide that all the provisions thereof except the limits of liability (which shall be applicable to all insureds as a group) and liability for premiums (which shall be solely a liability of the Lessee) shall operate in the same manner as if they were a separate policy covering each insured and shall be primary without right of contribution from any insurance carried by the Owner-Trustee, the Owner or the Vendor. The Lessee shall, not later than April 1 of each year, commencing April 1, 1980, furnish to the Owner-Trustee and the Vendor a certificate of an independent insurance broker acceptable to the Owner-Trustee and the Vendor evidencing the maintenance of the insurance required hereunder and shall furnish certificates evidencing renewal 15 days prior to the expiration date of such policy or policies. If the Owner-Trustee shall receive any insurance proceeds or condemnation payments in respect of a Unit suffering a Casualty Occurrence, the Owner-Trustee shall, subject to the Lessee having made payment of the Casualty Value in respect of such Unit, and provided no Event of Default (or other event which after notice or the passage of time or both would become an Event of Default) shall have occurred and be continuing, pay such proceeds or condemnation payments to the Lessee up to an amount equal to the Casualty Value with respect to a Unit paid by the Lessee and any balance of such proceeds or condemnation payments shall remain the property of the Owner-Trustee. All insurance proceeds received by the Owner-Trustee in respect of any

Unit not suffering a Casualty Occurrence shall be paid to the Lessee upon proof satisfactory to the Owner-Trustee that any damage to such Unit in respect of which such proceeds were paid has been fully repaired.

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

The Lessee agrees at its expense to prepare and deliver or cause to be prepared and delivered to the Owner-Trustee within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Owner-Trustee) any and all reports (other than income tax returns) to be filed by the Owner-Trustee with any Federal, state or other regulatory authority by reason of the ownership by the Owner-Trustee or the Vendor of the Units or the leasing thereof to the Lessee or any other sublessee permitted by § 12 hereof.

§ 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Indemnification. NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES, HAS MADE OR SHALL BE DEEMED TO MAKE OR HAVE MADE ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN, COMPLIANCE WITH

SPECIFICATIONS, OPERATION OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS OR ANY COMPONENT THEREOF DELIVERED TO THE LESSEE HEREUNDER, AND NEITHER THE OWNER-TRUSTEE NOR THE OWNER MAKES ANY WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS OR ANY COMPONENT THEREOF FOR ANY PARTICULAR PURPOSE NOR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, NOR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT OR ANY COMPONENT THEREOF (EITHER UPON DELIVERY THEREOF TO THE LESSEE OR OTHERWISE), it being agreed that all such risks, as between the Owner-Trustee and the Lessee, are to be borne by the Lessee; but the Owner-Trustee hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Owner-Trustee and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Owner-Trustee may have against the Builder. The Owner-Trustee and the Owner shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability, loss or damage caused or alleged to be caused directly or indirectly by any Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstance in connection therewith; (ii) the use, operation or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Owner-Trustee that the Units described therein are in all the foregoing respects satisfactory to the Lessee; and the Lessee will not assert any claim of any nature whatsoever against the Owner-Trustee or the Owner based on any of the foregoing matters.

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

laws or rules require any alteration, replacement, modification or addition of or to any part of any Unit, the Lessee will or will cause the Sublessee to fully conform therewith at no expense to the Owner-Trustee or the Vendor; provided, however, that the Lessee may upon written notice to the Owner-Trustee and the Vendor, in good faith, contest or cause to be contested the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of the Owner-Trustee or the Vendor, adversely affect the property or rights of the Owner-Trustee or the Vendor under this Lease or under the Security Document.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit (including any parts installed on or replacements made to any Unit and considered an Addition thereto as hereinbelow provided) which is subject to this Lease in good operating order, repair and condition, ordinary wear and tear excepted.

The Lessee and its affiliates, at their own cost and expense, may from time to time make such alterations, modifications and additions (including, without limitation, any special devices, assemblies or racks at any time attached or affixed to any Unit, the cost of which is not included in the Purchase Price of such Unit and which are not required for the operation or use of such Unit by the Interstate Commerce Commission, the United States Department of Transportation or any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over such Unit) (hereinafter collectively called Additions) to the Units as the Lessee may deem desirable in the proper conduct of its business so long as such Additions shall not be inconsistent with the continuing operation of the Units, and shall not diminish the value, utility or condition of the Units below the value, utility and condition thereof immediately prior to the making of such Additions, assuming the Units were then in the condition required to be maintained by the terms of this Lease; provided, however, that no such Addition shall be made if in the case of an alteration or modification the Unit cannot be readily restored to its original condition immediately prior to the time such alteration or modification was made or in the case of an addition the addition is not readily removable from the Unit to which it relates without material damage thereto and without diminishing or impairing the value or utility which the Unit would have had immediately prior to such time had such addition not been made assuming the Unit was then in the condition required to be maintained by the terms of this Lease.

Title to all Parts (as hereinbelow defined) incorpo-

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

The Lessee shall pay or cause to be paid, and shall protect, indemnify and hold the Owner-Trustee, the Owner, the Investors and the Vendor (for purposes of this paragraph only, as defined in the Security Document), and their respective successors, assigns, agents and servants (hereinafter called Indemnified Persons), as third party beneficiaries hereof, harmless from and against any and all causes of action, suits, penalties, claims, demands or judgments, of any nature whatsoever which may be imposed on, incurred by or asserted against any Indemnified Person (including any or all liabilities, obligations, damages, costs, disbursements, expenses (including without limitation reasonable attorneys' fees and expenses of any Indemnified Person relating thereto) in any way relating to or arising or alleged to arise out of this Lease or the Units, including without limitation those in any way relating to or arising or alleged to arise out of (i) the manufacture, construction, purchase, acceptance, rejection, ownership, delivery, nondelivery, lease, sublease, possession, use, operation, condition, sale, return or other disposition of any

Unit or portion thereof; (ii) any latent or other defects whether or not discoverable by any Indemnified Person or the Lessee; (iii) any claim for patent, trademark or copyright infringement; (iv) any claims based on strict liability in tort or imposed by statute; (v) any injury to or the death of any person or any damage to or loss of property on or near the Units or in any manner growing out of or concerned with, or alleged to grow out of or be connected with, the ownership, use, replacement, adaptation or maintenance of the Units or of any other equipment in connection with the Units (whether owned or under the control of the Owner-Trustee, the Lessee or any other person) or resulting or alleged to result from the condition of any thereof; (vi) any violation, or alleged violation (except by the Indemnified Person seeking indemnity hereunder), of any provision of this Lease or of any agreement, law, rule, regulation, ordinance or restriction, affecting or applicable to the Units or the leasing, subleasing, ownership, use, replacement, adaptation or maintenance thereof; (vii) any claim arising out of any of the Owner-Trustee's obligations under the Lease Assignment, the Security Document or the Participation Agreement, except to the extent such claim arises from a grossly negligent act or grossly negligent omission or willful wrongdoing of the Owner-Trustee; or (viii) any claim arising out of the Vendor's holding a security interest under the Security Document or the Lease Assignment; excluding, however, in the case of the Builder, (i) any losses, damages, injuries, liabilities, claims and demands whatsoever arising out of any tort by the Builder, or out of any breach of warranty or failure to perform any covenant under the Security Document by the Builder and (ii) any matter covered by the Builder's warranty of material and workmanship and patent indemnification set forth in Item 3 of Annex A to the Security Document. All payments hereunder shall be made directly to the Indemnified Person. The Lessee shall be obligated under this § 9, irrespective of whether any Indemnified Person shall also be indemnified with respect to the same matter under any other agreement by any other person, and the Indemnified Person seeking to enforce the indemnification may proceed directly against the Lessee under this § 9 without first resorting to any such other rights of indemnification. In case any action, suit or proceeding is brought against any Indemnified Person in connection with any claim indemnified against hereunder, the Lessee may and, upon such Indemnified Person's reasonable request, will at the Lessee's expense resist and defend such action, suit or proceeding, or cause the same to be resisted or defended by counsel

selected by the Lessee and approved by such Indemnified Person, as the case may be, and, in the event of any failure by the Lessee to do so, the Lessee shall pay all costs and expenses (including without limitation reasonable attorneys' fees and expenses) incurred by such Indemnified Person in connection with such action, suit or proceeding. In the event the Lessee is required to make any payment under this § 9, the Lessee shall pay or cause to be paid to such Indemnified Person an amount which, after deduction of all taxes required to be paid by such Indemnified Person in respect of the receipt thereof under the laws of the United States or of any political subdivision thereof (after giving credit for any savings in respect of any such taxes by reason of deductions, credits or allowances in respect of the payment of the expense indemnified against, and of any other such taxes as determined in the discretion of the Indemnified Person), shall be equal to the amount of such payment. The Lessee and the Owner-Trustee each agrees to give each other promptly upon obtaining knowledge thereof written notice of any claim or liability hereby indemnified against. Upon the payment in full of, or the making of provision satisfactory to the Indemnified Person for the full payment of, any indemnities as contained in this § 9 by the Lessee, and provided that no Event of Default, or event which with notice or lapse of time or both would constitute an Event of Default, shall have occurred and be continuing, the Lessee shall be subrogated to any right of such Indemnified Person in respect of the matter against which indemnity has been given. Any payments received by such Indemnified Person from any person (except the Lessee) as a result of any matter with respect to which such Indemnified Person has been indemnified by the Lessee pursuant to this § 9 shall be paid over to the Lessee to the extent necessary to reimburse the Lessee for indemnification payments previously made in respect of such matter.

The Lessee further agrees to indemnify, protect and hold harmless the Owner-Trustee and the Investors, the Vendor and the Owner, as third party beneficiaries hereof, from and against any and all liabilities, claims, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against the Owner-Trustee and the Investors, the Vendor or the Owner because of the use in or about the construction or operation of any of the Equipment of any article or material specified by the Lessee and not manufactured by the Builder or of any design, system, process, formula or combination specified by the Lessee and not developed or purported to be developed

by the Builder which infringes or is claimed to infringe on any patent or other right. The Lessee will give notice to the Builder of any claim known to the Lessee from which liability may be charged against the Builder under the Security Document.

In the event that the Owner-Trustee shall become obligated to make any payment to the Investor or the Vendor (for purposes of this paragraph only, as defined in the Security Document) pursuant to Article 13 of the Security Document, or the Owner shall become obligated to make any payment to the Owner-Trustee pursuant to any correlative provision of the Trust Agreement, not covered by the foregoing provisions of this § 9, the Lessee shall pay such additional amounts to the Owner-Trustee or the Owner as will enable the Owner-Trustee or the Owner to fulfill completely its obligations pursuant to said provisions; provided, however, no such payment shall be required with respect to payments arising as a result of acts or omissions of the Owner-Trustee or the Owner or the wilful misconduct or negligence of the Owner-Trustee or the Owner.

The indemnities contained in this § 9 shall survive the expiration or termination of this Lease with respect to all events, facts, conditions or other circumstances occurring or existing prior to such expiration or termination and are expressly made for the benefit of, and shall be enforceable by, any Indemnified Person. None of the indemnities in this § 9 shall be deemed to create any rights of subrogation in any insurer or third party against the Lessee or the Owner-Trustee therefor, from or under any Indemnified Person, whether because of any claim paid or defense provided for the benefit thereof or otherwise.

The foregoing indemnities by the Lessee shall not constitute a guarantee by the Lessee of any payment or other obligation, including without limitation the payment of any installments of principal or interest, under the Security Document, or a guarantee of any value of the Equipment following the expiration of the term hereof as such term may or may not be renewed.

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

- A. default shall be made in payment of any amount

provided for in §§ 3, 7 or 13 hereof, and such default shall continue for six business days;

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

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement, and such default shall continue for 20 days after written notice from the Owner-Trustee or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. any proceeding shall be commenced by or against the Lessee for any relief which includes or might result in any modification of the obligations of the Lessee hereunder including the filing by the Lessee of a petition in voluntary bankruptcy under any of the provisions of any bankruptcy law; or the consenting by the Lessee to the filing of any bankruptcy or reorganization petition against it under any such law; or the filing by the Lessee of a petition to reorganize the Lessee pursuant to the Bankruptcy Act, Title 11 of the United States Code or any other similar statute; or the making by the Lessee of an assignment for the benefit of creditors; or the admitting in writing by the Lessee of its inability to pay its debts generally as they become due; or the consenting by the Lessee to the appointment of a receiver, trustee, liquidator or other similar official of it or of any substantial part of its property, 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 and shall not continue to have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or

receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

E. any representation or warranty of the Lessee contained in the Participation Agreement shall have been incorrect in any material respect as of the date when made; or

F. any material obligation of the Lessee under this Lease shall cease to be valid and enforceable or the Lessee shall so claim in writing;

then, in any such case, the Owner-Trustee, at its option, may:

(a) proceed by appropriate court action or actions either at law or in equity, to enforce performance by the Lessee of the applicable covenants of this Lease or to recover damages for the breach thereof including net after-tax losses of Federal and state income tax benefits to which the Owner-Trustee would otherwise be entitled under this Lease; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Owner-Trustee, subject to the applicable provisions of law, may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee with respect to such action or inaction for any proceeds arising therefrom; but the Owner-Trustee shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor in its sole discretion, shall specify in such notice of termination: (x) a sum

equal, with respect to each Unit, to (A) the excess, if any, of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Owner-Trustee reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 6% per annum discount, compounded semiannually from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, plus (B) an amount which, after deduction of all taxes required to be paid by the Owner in respect of all amounts payable by the Lessee to the Owner-Trustee hereunder, under the laws of any Federal, state or local government or taxing authority of the United States of America or under the laws of any taxing authority or governmental subdivision of a foreign country, shall, in the reasonable opinion of the Owner, be equal to all or such portion of the Investment Credit (as defined in § 22 hereof) lost, not claimed, not available for claim, disallowed or recaptured by or from the Owner as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in § 22 or any other provision of this Lease or the sale or other disposition of the Owner-Trustee's interest in any Unit after the occurrence of an Event of Default, plus such sum as shall cause the Owner's net return under this Lease to be equal to the net return that would have been available to the Owner if it had been entitled to utilization of all or such portion of the ADR Deduction and the Interest Deduction (as such deductions are defined in § 22 hereof) which was lost, not claimed, not available for claim or disallowed or recaptured in respect of Units as a direct or indirect result of the breach of one or more of the representations, warranties and covenants made by the Lessee in § 22 or any other provision of this Lease, the inaccuracy of any statement in any letter or document furnished to the Owner-Trustee by the Lessee, the termination of this Lease, the Lessee's loss of the right to use such Unit, any action or inaction by the Lessee or the sale or other disposition of the Owner-Trustee's interest in such Unit after the occurrence of an Event of Default plus such sum as will pay or reimburse the Owner for any interest,

penalties or additions to tax incurred in connection with such loss, failure to claim, inability to claim, disallowance or recapture; or (y) an amount equal to the excess, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination specified for payment in such notice of termination over the amount the Owner-Trustee reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Owner-Trustee shall have sold any Unit, the Owner-Trustee, in lieu of collecting any amounts payable to the Owner-Trustee by the Lessee pursuant to the preceding clauses (x) and (y) of this subparagraph (ii) with respect to such Unit, may, if it shall so elect, demand that the Lessee shall pay to the Owner-Trustee and the Lessee shall pay to the Owner-Trustee on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination specified for payment in such notice of termination, over the net proceeds of such such sale.

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

The remedies in this Lease provided in favor of the Owner-Trustee shall not be deemed exclusive, but shall be cumulative and may be exercised concurrently or consecutively, and shall be in addition to all other remedies in its favor existing at law or in equity. The Lessee hereby waives any mandatory requirements of law, now or hereafter in effect, which might limit or modify the remedies herein provided, to the extent that such waiver is not, at the time in question, prohibited by law. The Lessee hereby waives any and all existing or future claims to any offset against the rental payments due hereunder, and agrees to make such payments regardless of any offset or claim which may be asserted by the Lessee or on its behalf.

The failure or delay of the Owner-Trustee to exer-

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

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

(a) forthwith and in the usual manner cause such Units to be transported to such location as shall reasonably be designated by the Owner-Trustee and there assembled,

(b) furnish and arrange for the Owner-Trustee to store such Units on any lines of railroad or premises approved by the Owner-Trustee until such Units have been sold, leased or otherwise disposed of by the Owner-Trustee, and

(c) cause the Units to be moved to such interchange point or points as shall be designated by the Owner-Trustee upon any sale, lease or other disposal of all or any of the Units.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee (and the Lessee will maintain the insurance required by § 7 of this Lease to be maintained during this period) and are of the essence of this Lease; and, upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the

covenants of the Lessee so to assemble, deliver, store and transport the Units. During any storage period, the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser or user of any such Unit, to inspect the same. In the event that the Units or any thereof are sold, the Lessee shall pay to the Owner-Trustee the per diem interchange for each such Unit which shall not have been assembled, delivered and stored, as hereinbefore provided, by the date of such sale for each day from the date of such sale to the date of delivery to the purchaser thereof.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this § 11, the Lessee hereby irrevocably appoints the Owner-Trustee as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Owner-Trustee, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

§ 12. Assignment; Possession and Use. This Lease shall be assignable in whole or in part by the Owner-Trustee without the consent of the Lessee; but the Lessee shall be under no obligation to any assignee of the Owner-Trustee other than the Vendor except upon written notice of such assignment from the Owner-Trustee. All the rights of the Owner-Trustee hereunder (including, but not limited to, the rights under §§ 6, 7, 10 and 22 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Owner-Trustee's successors and assigns, including the Vendor.

So long as no Event of Default hereunder shall have occurred, and the Vendor shall be entitled to apply the Payments (as defined in the Lease Assignment) in accordance with the Lease Assignment, the Lessee shall be entitled to the possession of the Units in accordance with the terms of this Lease but, except as permitted by the provisions of the following paragraph, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them. The Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid, might become a lien, charge, security interest or other encumbrance (other than as permitted by the provisions of the following paragraph and other than an encumbrance created by the Owner, the Owner-Trustee or the Vendor and

not the result of an Event of Default or resulting from claims against the Owner, the Owner-Trustee or the Vendor not related to the ownership of the Units) upon or with respect to any Unit or the interest of the Owner-Trustee, the Vendor or the Lessee therein, and will promptly discharge any such lien, claim, security interest or other encumbrance which arises, but shall not be required to pay or discharge any such claim so long as the validity thereof shall be contested in good faith and by appropriate legal proceedings in any reasonable manner and the nonpayment thereof does not, in the reasonable opinion of the Vendor and the Owner-Trustee, materially adversely affect the interest of the Vendor or the Owner-Trustee in the Equipment, the Vendor's interest in the income and proceeds from the Equipment, or otherwise under this Lease or the Security Document. Except to the extent permitted by the provisions of the following paragraph, the Lessee shall not part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the following two paragraphs.

So long as the Lessee shall not be in default under this Lease, and the Vendor shall be entitled to apply the Payments in accordance with the Lease Assignment, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms hereof and to permit the use of the Units by it upon trackage owned or operated by it or upon lines of railroad owned or operated by a railroad company or companies incorporated in the United States of America or over which such railroad company or companies have trackage or other operating rights or over which railroad equipment of such railroad company or companies is regularly operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic or pursuant to run-through agreements, but only upon and subject to all the terms and conditions of this Lease and the Security Document; provided, however, that the Lessee shall not assign or permit the assignment of any Unit to service involving the operation and maintenance thereof outside the United States of America.

Nothing in this § 12 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the

Units to any solvent corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have specifically assumed the obligations of the Lessee hereunder and under the Participation Agreement by an appropriate instrument in writing) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the property of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition be in default under any provision of this Lease.

§ 13. Right of First Refusal. If this Lease has not been earlier terminated, the Lessee is not in default hereunder and the Owner-Trustee elects to sell any Units to third parties at the expiration of the term of this Lease, the Lessee, at its written request, shall be given written notice of such intention prior to the expiration of the term of this Lease (such date being hereinafter called the Expiration Date). In the event the Owner-Trustee shall receive, prior to 90 days after the Expiration Date, a bona fide offer in writing from another party to purchase the Units and the Owner-Trustee elects to sell the Units pursuant to such offer, the Owner-Trustee shall give written notice to the Lessee of such offer. Such notice shall be given to the Lessee on any date between 60 days before and 90 days after the Expiration Date and shall include the price and, if such offer was for other than solely cash, the other terms and conditions offered by the other party to the Owner-Trustee. The Lessee shall have the sole right and option, for a period of 20 days from the date of delivery of such notice, to purchase the Units for cash at the price, or at the price and (after giving effect to credit standing of the Lessee at the time of exercise of such purchase right) on substantially similar terms and conditions, at which the Units are proposed to be sold. The Lessee shall exercise such purchase right by delivery to the Owner-Trustee of a written notice specifying a date of purchase, which date shall not be later than the later of (i) 15 days after the date of delivery of such notice by the Lessee to the Owner-Trustee or (ii) 45 days after the Expiration Date. In the event that the Lessee shall have delivered a notice of its election to purchase the Units, this Lease (including the obligation to pay rent) shall be further extended or renewed upon the same terms and conditions set forth herein from the Expiration Date or the date such notice is delivered, as the case may be, to the Owner-Trustee until the date of such purchase.

Upon payment of the purchase price of any Unit, the Owner-Trustee shall upon request of the Lessee execute and deliver to the Lessee a bill of sale (without warranties) for such Unit such as will transfer to the Lessee such title to such Unit as the Owner-Trustee derived from the Vendor, free and clear of all liens, security interests and other encumbrances arising through the Owner-Trustee.

§ 14. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original term of this Lease, if the term of this Lease is not to be extended, with respect to any Unit not purchased by the Lessee, the Lessee will, at its own cost and expense, at the request of the Owner-Trustee, deliver possession of such Unit to the Owner-Trustee upon such storage tracks of the Lessee as the Owner-Trustee may designate, or, in the absence of such designation, as the Lessee may select, and permit the Owner-Trustee to store such Unit on such tracks for a period not exceeding six months from the date of expiration of this Lease and transport the same, at any time within such six-month period, to any reasonable place, as directed by the Owner-Trustee, the movement and storage of such Units to be at the expense and risk of the Lessee. If any Unit shall suffer a Casualty Occurrence as defined in § 7 hereof during such storage period, the Lessee shall pay to the Owner-Trustee the Casualty Value for such Unit as set forth in Schedule B hereto. All amounts earned in respect of the Units after the date of expiration of this Lease shall belong to the Owner-Trustee and, if received by the Lessee, shall be considered to be held in trust and shall be promptly turned over to the Owner-Trustee. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such expiration, the Lessee shall, in addition, pay to the Owner-Trustee for each day thereafter an amount equal to the amount, if any, by which the per diem interchange for such Unit for each such day exceeds the actual earnings received by the Owner-Trustee on such Unit for each such day, unless the Owner-Trustee shall have received such per diem. During any such storage period the Lessee will permit the Owner-Trustee or any person designated by it, including the authorized representative or representatives of any prospective purchaser, lessee or user of such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Owner-Trustee or any prospective purchaser, lessee or user, the rights of inspection granted under this sentence. Each Unit returned to the Owner-Trustee pursuant to this § 14

shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, and (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads and/or the applicable rules of any governmental agency or other organization with jurisdiction. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Owner-Trustee shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so as to assemble, deliver, store and transport the Units.

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

§ 16. Additional Opinions. The Lessee will promptly furnish to the Vendor and the Owner-Trustee evidence of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Owner-Trustee. This Lease and the Security Document shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any Unit.

§ 17. Obligations of Owner-Trustee Under Security Document; Additional Rentals. In the event that the Owner-Trustee shall become obligated to make any payment (other than payments in settlement for Equipment or the principal of or interest on the Conditional Sale Indebtedness (as defined therein) pursuant to the Security Document and pursuant to

the proviso to the third paragraph of Article 12 thereof) or to perform any obligations pursuant to the Security Document not covered by the provisions of this Lease, the Lessee shall pay such additional rentals hereunder and perform such obligations so that all of the Owner-Trustee's obligations (other than as aforesaid) pursuant to the Security Document shall be fully complied with, without regard for any limitation of liability of the Owner-Trustee contained in the Security Document.

§ 18. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations due hereunder shall result in the obligation on the part of the Lessee promptly to pay an amount equal to interest at a rate of 10-7/8% per annum on the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable; provided, however, that the rate of interest on overdue rentals shall be at least sufficient to satisfy the obligations of the Owner-Trustee under the Security Document with respect to interest on amounts past due and payable thereunder.

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

if to the Owner-Trustee, at P. O. Box 2258,
Baltimore, Maryland 21203, Attention of Corporate Trust
Department;

if to the Lessee, at 120 East Market Street,
Indianapolis, Indiana 46204, Attention of the Treasurer;

or addressed to any party at such other address as such party shall hereafter furnish to the other parties in writing. Any certificate, document or report required to be furnished by any party hereto to the other parties shall be delivered to the address set forth above or so furnished for such party. Any notice to the Lessee by the Vendor or the Investor regarding the Lessee's failure to perform any obligation hereunder shall also be furnished by the Lessee to the Owner-Trustee.

§ 20. Owner-Trustee Acting as Trustee. The representations, undertakings and agreements herein made on the part of the Owner-Trustee are made and intended for the purpose of binding only the Trust Estate as such term is defined in the Trust Agreement.

Whenever the term Owner-Trustee is used in this Lease it shall apply and refer to the Owner-Trustee and any assignee of the Owner-Trustee.

§ 21. No Recourse. No recourse shall be had in respect of any obligation due under this Lease, or referred to herein, against any incorporator, stockholder, director or officer, as such, past, present or future, of the Owner-Trustee or the Lessee, or against the Owner or any other beneficiary of a trust for which the Owner-Trustee is acting as trustee, whether by virtue of any constitutional provision, statute or rule of law or by enforcement of any assessment or penalty or otherwise, all such liability, whether at common law, in equity, by any constitutional provision, statute or otherwise, of incorporators, stockholders, directors, officers, as such, or beneficiaries being forever released as a condition of and as consideration for the execution of this Lease.

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, undertakings and agreements herein made on the part of the Owner-Trustee are each and every one of them made and intended not as personal representations, undertakings and agreements by the Owner-Trustee, or for the purpose or with the intention of binding the Owner-Trustee personally but are made and intended for the purpose of binding only the Trust Estate and this Agreement is executed and delivered by the Owner-Trustee solely in the exercise of the powers expressly conferred upon the Owner-Trustee as Owner-Trustee under the Trust Agreement; and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against the Owner-Trustee or the Owner on account of any representation, undertaking or agreement hereunder of the Owner-Trustee or the Owner, either expressed or implied, except for their respective obligations under the proviso to the last paragraph of Article 12 of the Security Document, subparagraph (a) of the third paragraph of Article 4 of the Security Document and Section 1.03 and Section 3.04 of the Trust Agreement; all such personal liability, if any, being expressly waived and released by the Lessee and by all persons claiming by, through or under the Lessee; provided, however, that the Lessee or any person claiming by, through or under the Lessee making claim hereunder, may look to said Trust Estate for satisfaction of the same.

§ 22. Federal Income Taxes. This Lease and the Security Document have been entered into on the assumptions that (A) the Owner, as the beneficial owner of the Units, will be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the Code), to an owner of property, including, without limitation, (1) the maximum depreciation deduction with respect to the Units authorized under section 167 of the Code (hereinafter called the ADR Deduction) (a) utilizing a 12-year depreciable life, which is the lower limit listed in Revenue Procedure 77-10, for property in Asset Guideline Class No. 00.25, in accordance with the Class Life Asset Depreciation Range System described in section 167(m) of the Code and the Treasury Regulations promulgated thereunder as in effect on the date hereof, (b) employing initially the 200% declining-balance method of depreciation with a change, not requiring the consent of the Commissioner of Internal Revenue, to the sum-of-the-years-digits method of depreciation when most beneficial to the Owner-Trustee, (c) including in the basis of the Units the entire Purchase Price thereof and all other items properly includible under section 1012 of the Code (hereinafter called the Basis), (d) taking into account a salvage value, after the reduction allowed by section 167(f) of the Code, of zero and (2) deductions with respect to interest payable under the Security Document pursuant to section 163 of the Code (hereinafter called the Interest Deduction); and (3) the 10% investment credit with respect to 100% of the Basis of the Units (hereinafter called the Investment Credit) pursuant to section 38 and related sections of the Code and (B) all amounts includible in gross income by the Owner-Trustee or the Owner with respect to this Lease will be treated as income from sources within the United States.

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 Owner-Trustee or the Owner, and that each of such corporations will file such returns, take such action and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent thereof. The Lessee agrees to keep and make available for inspection and copying by the Owner-Trustee, and will on written request by the Owner-

Trustee provide the Owner-Trustee with, such records as will enable the Owner to determine whether it is entitled (A) to the full benefit of the ADR Deduction, the Interest Deduction and the Investment Credit with respect to the Units and (B) to treat amounts includible in gross income with respect to this Lease as income from sources within the United States.

The Lessee represents and warrants that (i) all the Units constitute property the entire Basis of which qualifies for the 10% Investment Credit under section 50 of the Code; (ii) at the time the Owner-Trustee becomes the owner of the Units, the Units will constitute "new section 38 property" within the meaning of section 48(b) of the Code, and at the time the Owner-Trustee becomes the owner of the Units, the units 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 Owner-Trustee; (iii) at all times during the term of this Lease, each Unit will constitute "section 38 property" within the meaning of section 48(a) of the Code; (iv) none of the units will be "used predominantly outside the United States" within the meaning of section 48(a)(2) of the Code; and (v) all items includible in gross income by the Owner-Trustee or the Owner with respect to this Lease are entitled to treatment as income from sources within the United States.

If (A) for any reason whatsoever (other than for the reasons set forth below) all or any part of the ADR Deduction, the Interest Deduction or the Investment Credit with respect to any Unit shall be unavailable in computing each of the items of income, gain, loss, deduction or credit of the Owner or (B) the Owner-Trustee or the Owner shall determine that all amounts includible in gross income with respect to this Lease cannot be treated as income from sources within the United States for any taxable year (or portion thereof) during which this Lease is in effect as the result of the location of any Unit outside the United States, then the rental applicable to such Unit set forth in § 3 shall, on the next succeeding rental payment date after written notice to the Lessee by the Owner-Trustee of such fact, be increased by such amount as shall be required, in the reasonable opinion of the Owner, to cause the Owner's net after-tax annual cash flow and net after-tax rate of return to be at least the same as such net after-tax annual cash flow and net after-tax rate of return would have been had the ADR Deduction, the Interest Deduction and the Investment Credit been wholly available and had the Owner-Trustee and the Owner been entitled to treat

all amounts includible in gross income with respect to this Lease as income from sources within the United States; provided, however, that such rental shall not be so increased to the extent that the ADR Deduction, the Interest Deduction or the Investment Credit with respect to such Unit is unavailable as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit if the Lessee shall have paid to the Owner-Trustee the amounts stipulated pursuant to § 7 hereof;

(ii) a voluntary transfer by the Owner-Trustee of legal title to such Unit, a voluntary disposition by the Owner-Trustee of any interest in such Unit or a voluntary reduction by the Owner-Trustee of its interest in the rentals from such Unit under this Lease (except pursuant to an assignment of this Lease to the Vendor) unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Owner to claim the ADR Deduction, the Interest Deduction or the Investment Credit on its income tax return for the appropriate year, unless the Owner shall have received an opinion of independent tax counsel to the effect that the Owner is not entitled to claim the ADR Deduction, the Interest Deduction or the Investment Credit; or

(iv) the failure of the Owner to have sufficient liability for Federal income tax against which to credit the Investment Credit or sufficient income to benefit from the ADR Deduction or the Interest Deduction.

If for any reason whatsoever all or any part of the cost of any improvement and/or addition to a Unit or any expenditure by the Lessee in respect of any Unit or this Lease (hereinafter called Additional Expenditures) made by the Lessee under and pursuant to the terms of this Lease or otherwise is required to be included in the gross income of the Owner-Trustee or the Owner for Federal income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the rentals of the Unit set forth in § 3 hereof shall, on the next succeeding rental payment date after the date on which the Lessee is required to furnish written notice to the Owner-Trustee

pursuant to the following sentence that such inclusion in the Owner-Trustee's or the Owner's gross income is required, be increased to such amount or amounts as shall, in the reasonable opinion of the Owner (after taking into account any present or future tax benefits that the Owner reasonably anticipates it will derive from its additional investment in the Units by reason of such inclusion, including, without limitation, any current deductions, future depreciation deductions and investment tax credit), cause the Owner's net after-tax annual cash flow and net after-tax rate of return (calculated on the same basis as used by the Owner in originally evaluating this transaction) to equal the net after-tax annual cash flow and net after-tax rate of return that would have been realized by the Owner if the cost of such Additional Expenditures had not been includible in the Owner's gross income. The Lessee agrees that, within 30 days after the close of any calendar year (or in the event the Owner-Trustee or the Owner gives the Lessee written notice that the Owner-Trustee's or the Owner's taxable year closes on a date specified therein other than December 31, within 30 days after said date) in which the Lessee has made Additional Expenditures which are required to be included in the gross income of the Owner-Trustee or the Owner for Federal income tax purposes prior to the time such Unit is disposed of in a taxable transaction, the Lessee will give written notice thereof to the Owner-Trustee and the Owner describing such Additional Expenditures in reasonable detail.

In the event the rental rates shall be adjusted as hereinbefore provided, the Casualty Values set forth in § 7 hereof shall be adjusted accordingly.

The Owner-Trustee and the Owner are entitled, but are not required, to request a ruling from the Internal Revenue Service (hereinafter called the Ruling) to the effect, among other things, that this Lease is a true lease, that the Owner-Trustee is the owner of the Units and that the Owner has the right to claim the ADR Deduction, the Interest Deduction and the Investment Credit. The Lessee will furnish such documents, records and representations, including, but not limited to, evidence of the useful life and residual value of the Units sufficient to support the matters claimed in any request for the Ruling, as shall be deemed necessary and appropriate for such request by the Owner-Trustee. The Lessee shall join in such request. If the Ruling received by the Owner-Trustee and the Owner requires the cost of any Additional Expenditures (as hereinafter defined) made by

the Lessee to be included in the gross income of the Owner-Trustee or the Owner, the Owner-Trustee shall, upon request and at the expense of the Lessee, seek a modification of the aforementioned requirement.

The Lessee's and the Owner-Trustee's agreements to pay any sums which may become payable pursuant to this § 22 shall survive the expiration or other termination of this Lease.

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

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

Nothing in this Lease shall be deemed to create any right in any person not a party hereto (other than the Owner, the Builder, the Vendor, the Investors and the permitted successors and assigns of a party, each of which shall be deemed to be a third-party beneficiary hereof) and this instrument shall not be construed in any respect to be a contract in whole or in part for the benefit of any third party except as aforesaid.

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

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

§ 26. Agreement for Benefit of the Owner. All rights of the Owner-Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 10 and 22, and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's successors and assigns under the Trust Agreement.

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

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.,

by

Glenn Franklin

EXECUTIVE VICE PRESIDENT

[CORPORATE SEAL]

Attest:

Kathleen L. Border

ASS'T SECRETARY

APPROVED

By [Signature]
LEGAL DEPT.

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee,

by

Assistant Vice President

[CORPORATE SEAL]

Attest:

Corporate Trust Officer

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

§ 26. Agreement for Benefit of the Owner. All rights of the Owner-Trustee hereunder (including, but not limited to, its rights under §§ 6, 7, 9, 10 and 22, and the right to receive the rentals payable under this Lease) shall inure to the benefit of the Owner and any of the Owner's successors and assigns under the Trust Agreement.

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

INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC.,

by

[CORPORATE SEAL]

Attest:

MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, not in its individual capacity, but solely as Owner-Trustee,

by


Assistant Vice President

[CORPORATE SEAL]

Attest:


Corporate Trust Officer

STATE OF INDIANA,)
) ss.:
COUNTY OF ,)

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

Notary Public

[Notarial Seal]

STATE OF MARYLAND,)
) ss.:
CITY OF BALTIMORE,)

On this ^{12th} day of September 1979, before me personally appeared **E. E. Schreiber**, to me personally known, who being by me duly sworn, says that he is Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Patricia A. Shilow

Notary Public

[Notarial Seal]

My commission expires July 1, 1982

STATE OF INDIANA,)
)
COUNTY OF *Marion*) ss.:

On this *12th* day of September 1979, before me personally appeared *GLENN FRAUHLIN*, to me personally known, who, being by me duly sworn, says that he is *Executive Vice President* of INDIANA FARM BUREAU COOPERATIVE ASSOCIATION, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

My Commission Expires
4 April 1981

Judith F. Gordon

Notary Public

[Notarial Seal]

STATE OF MARYLAND,)
)
CITY OF BALTIMORE,) ss.:

On this _____ day of September 1979, before me personally appeared _____, to me personally known, who being by me duly sworn, says that he is Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its By-laws, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Notary Public

[Notarial Seal]

SCHEDULE A

<u>Type</u>	<u>Quantity</u>	<u>Road Numbers (Inclusive)</u>
100-ton welded triple-covered hopper cars	100	PLMX 11551- 11650

SCHEDULE B to LEASE

<u>Date</u>	<u>Casualty Value Percentage</u>
January 1, 1980	90.4299%
July 1, 1980	90.9140
January 1, 1981	91.1311
July 1, 1981	91.1232
January 1, 1982	90.8763
July 1, 1982	90.4209
January 1, 1983	89.7403
July 1, 1983	88.8604
January 1, 1984	87.7706
July 1, 1984	86.4923
January 1, 1985	85.0212
July 1, 1985	83.3742
January 1, 1986	81.5534
July 1, 1986	79.5713
January 1, 1987	77.4369
July 1, 1987	75.1510
January 1, 1988	72.7292
July 1, 1988	70.1630
January 1, 1989	67.4740
July 1, 1989	64.6485
January 1, 1990	61.7138
July 1, 1990	58.6513
January 1, 1991	55.4941
July 1, 1991	52.2185
January 1, 1992	48.8633
July 1, 1992	45.4004
January 1, 1993	41.8649
July 1, 1993	38.2258
January 1, 1994	34.5125
July 1, 1994	30.6926
January 1, 1995	20.0000

The foregoing percentages have been computed without regard to recapture of the Investment Credit (as defined in § 16 hereof). Consequently, the Casualty Value of any Unit Suffering a Casualty Occurrence on or before the third, fifth and seventh anniversary of the date of delivery and

acceptance of such Unit shall be increased by the applicable percentage of the Purchase Price set forth below.

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	20.00
Fifth	13.33
Seventh	6.67