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INTEGRATED COMMERCE COMMISSION

LEASE OF
RAILROAD EQUIPMENT
dated as of July 17, 1972
between
UNILEASE LTD., as Lessor
and
ELGIN, JOLIET and EASTERN
RAILWAY COMPANY, as Lessee

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LEASE OF RAILROAD EQUIPMENT

LEASE OF RAILROAD EQUIPMENT dated as of July 17, 1972, between UNILEASE LTD., a Delaware corporation ("Lessor") and ELGIN, JOLIET and EASTERN RAILWAY COMPANY ("Lessee"), an Illinois and Indiana corporation.

WHEREAS, Lessee desires to lease the Equipment described in Annex A (the "Equipment") from Lessor at the rentals and upon the terms and conditions hereinafter provided;

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

§1. DELIVERY AND ACCEPTANCE OF EQUIPMENT. Lessor will cause each unit of Equipment to be tendered to Lessee at the point or points within the United States of America at which such Equipment is delivered to Interet Equipment Company pursuant to Lessee's Purchase Order No. 72-1998-19 to Berwick Forge and Fabricating Division, Whittaker Corporation, Lessee's Purchase Order No. 72-2849-18 to ACF Industries, Inc., Lessee's Purchase Order No. 72-3509-18 to Greenville Steel Car Company, and Lessee's Purchase Order No. 71-4057-80 to General Motors Corporation (Electromotive Division), all as subsequently revised, (whichever is applicable), the Assignments of said Purchase Orders to Interet Equipment Company and the Consents of the respective manufacturers to the assignment thereof (said Purchase Orders, Consents and Assignments being hereinafter collectively called the "Manufacturing Agreements").

Upon such tender Lessee:

(i) will forthwith cause each unit of the Equipment so tendered to be inspected by its authorized representative and, if such unit is in good order and ready for service, Lessee will cause such representative to execute and deliver to the applicable manufacturer such acceptance documents as such manufacturer may reasonably require, and to Lessor a Certificate of Acceptance substantially in the form attached hereto as Annex B; and

(ii) will forthwith execute and deliver to Lessor a Lease Supplement in the form attached

hereto as Annex C (herein called a "Lease Supplement").

Lessor shall not be obligated to deliver, and Lessee shall not be obligated to accept, any unit of the Equipment which is not delivered and accepted under the terms of this Lease on or before March 31, 1973, and such units shall not be subject to this Lease, nor included within the term "Equipment" as used herein.

At all times during the continuance of this Lease any rights of Lessee in respect of the Equipment shall constitute a leasehold interest only.

§2. TERM OF THE LEASE. The term of this Lease (the "Term") as to each unit of the Equipment shall commence on the date of delivery of such unit to Lessee (the "Delivery Date") as specified in the Certificate of Acceptance and Lease Supplement for such unit of the Equipment.

Subject to the provisions of §8 and §11 hereof, the Term of this Lease shall terminate for each unit of the Equipment as follows:

(a) in respect of the 70-Ton Coke Hopper Cars referred to in Annex A hereto, on December 31, 1990;

and

(b) in respect of all other units of the Equipment referred to in Annex A hereto, on December 31, 1987.

The date upon which the Term of this Lease shall terminate, with respect to each unit as provided above, shall herein be called the "Term Terminal Date" for such unit.

From and after the date of execution hereof until the Term Terminal Date of each unit of the Equipment as set forth in this §2, this Lease shall not be subject to termination with

respect to any such unit by Lessor except pursuant to §11 hereof or by Lessee except pursuant to §8 hereof.

§3. RENTALS. Lessee agrees to pay to Lessor in cash rental with respect to each unit of Equipment subject to this Lease as follows:

(a) rental at the daily rate specified for such unit in Annex A hereto, from the Manufacturer's Closing Date (as defined in §2 of a certain Finance Agreement dated as of July 17, 1972, between Lessor, Lessee, Interet Equipment Company, the Investors named therein and Schroder Trust Company, as agent therefor) with respect to such unit to and including December 31, 1972, or, where such Manufacturer's Closing Date is after December 29, 1972, from December 29, 1972 to and including December 31, 1972. Such rental shall be paid on January 1, 1973.

(b) rental at the quarterly rate specified for such unit in Annex A hereto, for the period commencing January 1, 1973 and ending on the earlier of (i) the Term Terminal Date for such unit of the Equipment, or (ii) the date, if any, on which this Lease shall terminate with respect to such unit pursuant to §8 or §11 hereof. Such rental shall be paid quarterly in advance on the first days of January, April, July and October during the periods specified above, commencing on January 1, 1973.

(c) rental shall be payable as above provided notwithstanding the fact that a unit or units of the Equipment in respect of which such rental is paid has or have not been delivered to Lessee. Where rental is due in respect of any units of the Equipment which have not been delivered to Lessee, as above provided, the rental payable shall be that rental which is due in respect of all of the units of the Equipment not then delivered; provided however that Lessee shall be reimbursed for rental paid in respect of units which are subsequently determined not to be subject to this Lease.

Lessee further agrees to pay to Lessor on demand, as additional rental, any and all amounts, liabilities and obligations which Lessee assumes or agrees to pay hereunder to Lessor or any of its predecessors or successors in interest.

Lessee will pay, to the extent legally enforceable, interest at the rate of 9% per annum upon any rental remaining unpaid after the same shall have become due and payable under any of the provisions of this Lease.

All payments to be made to Lessor shall be made to Lessor at its office as indicated in §23 hereof or to such other person and at such other place of places as shall be directed by Lessor.

§4. REPRESENTATIONS AND WARRANTIES

(a) Lessor represents and warrants that:

(i) Lessor is a corporation duly organized, validly existing and in good standing under the laws of the state of Delaware.

(ii) Lessor has the full power, authority and legal right to enter into and perform this Lease, and the execution, delivery and performance of this Lease has been duly authorized by all necessary corporate action on the part of Lessor, do not require any stockholder approval, and do not contravene any law binding on Lessor or contravene the certificate of incorporation or by-laws of Lessor or any indenture, mortgage, contract or other agreement to which Lessor is a party or by which it is bound.

(iii) on the Delivery Date with respect to any unit, such unit shall be free from liens, encumbrances and rights of others except the rights of Lessee under this Lease, the rights of Interet Equipment Company arising out of the sale of such unit to Lessee under the Conditional Sale Agreement and the rights of any assignee thereof, liens for taxes either not yet due or being contested in good faith and inchoate materialmen's, mechanic's, workmen's, repairmen's, employees' or other like liens arising in the ordinary course of business and not delinquent.

LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, ANY UNIT OF THE EQUIPMENT DELIVERED TO LESSEE HEREUNDER, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE EQUIPMENT OR ANY UNIT THEREOF FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE EQUIPMENT OR ANY UNIT THEREOF, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN LESSOR AND LESSEE, ARE TO BE BORNE BY LESSEE; but Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the Term of this Lease to assert and enforce from time to time, at Lessee's sole cost and expense, whatever claims and rights Lessor may have, as assignee of the rights of the purchaser of the Equipment under the Manufacturing Agreements. Lessee shall be entitled to re-

tain for itself all damages, costs and expenses which it recovers in asserting and enforcing such claims and rights, until the occurrence of an Event of Default (as hereinafter defined) hereunder, whereupon all amounts so recovered by Lessee (less its costs and expenses and any damages relating to specific expenditures made by Lessee arising out of matters to which such claims and rights related) shall be paid over to Lessor or as Lessor shall direct; provided however that the amount so paid over to Lessor shall be credited against the amounts due from Lessee following such Event of Default. Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between Lessee and Lessor that all units of the Equipment described therein are in all the foregoing respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor based on any of the foregoing matters as to which Lessor has disclaimed any warranties or representations as set forth above.

(b) Lessee represents and warrants that:

(i) Lessee is a corporation duly organized, validly existing and in good standing under the laws of the states of Illinois and Indiana and is duly qualified and authorized to do business wherever necessary to carry on its present business and operations and to own its properties and to perform its obligations under this Lease;

(ii) Lessee has the full power, authority and legal right to enter into and perform this Lease, and the execution, delivery and performance of this Lease have been duly authorized by all necessary corporate action on the part of Lessee, do not require any stockholder approval or approval or consent of any trustee or holders of any indebtedness or obligations of Lessee, and do not contravene any law binding on Lessee or contravene the certificate of incorporation or by-laws of Lessee or any indenture, mortgage, contract or other agreement to which Lessee is a party or by which it is bound;

(iii) Lessee is not a party to any agreement or instrument or subject to any charter or other corporate restriction which will materially adversely affect Lessee's financial condition, business or operations or the ability of Lessee to perform its obligations under this Lease;

(iv) neither the execution and delivery by Lessee of this Lease, nor the consummation of any of the transactions by Lessee contemplated hereby,

require the consent or approval of, the giving of notice to, or the registration with, or the taking of any other action in respect of, the Interstate Commerce Commission or any other federal, state or foreign governmental authority or agency;

(v) this Lease constitutes the valid and legally binding obligation of Lessee enforceable against Lessee in accordance with the terms thereof;

(vi) there are no pending or threatened actions or proceedings before any court or administrative agency which will materially adversely affect the condition, business or operations of Lessee or the ability of Lessee to perform its obligations under this Lease;

(vii) Lessee has filed all federal and state tax returns which are required to be filed and has paid all taxes shown to be due or payable on said returns or (except to the extent being contested in good faith and for the payment of which adequate reserves have been provided) on any assessment received by Lessee, to the extent that such taxes have become due and payable;

(viii) the balance sheet of Lessee as of December 31, 1971 and the related statements of earnings for the three fiscal years then ended (copies of which have been furnished Lessor) correctly set forth the financial condition of Lessee as of said date and the results of its operations for such years, and since December 31, 1971 there has been no material adverse change in such condition or operations and nothing has occurred which will materially adversely affect the ability of Lessee to carry on its business and operations and to perform its obligations under this Lease;

(ix) except for the prompt filing for recording pursuant to Section 20(c) of the Interstate Commerce Act or the deposit pursuant to Section 148 of the Canada Railway Act (together with the giving of notice of such deposit in the "Canada Gazette") of this Lease and all amendments, supplements and assignments hereof, no further action, including any filing or recording of any document (including any financing statement under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary or advisable in order to protect Lessor's interest in and to the units of the Equipment as against Lessee and any third parties;

(x) all units of the Equipment will be new railroad equipment in the hands of Lessor on the Delivery Date thereof; and

(xi) the location of the Equipment in the United States will be as contemplated by §10 hereof.

§5. IDENTIFICATION MARKS. Lessee will cause each unit of the Equipment to be kept numbered with its identifying number and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each unit of the Equipment, in letters not less than one inch in height the following legend:

"OWNED BY A BANK OR TRUST COMPANY, AGENT, AS ASSIGNEE OF INTERET EQUIPMENT COMPANY, UNDER SECURITY AGREEMENT FILED WITH ICC".

or other appropriate words designated by Lessor, with such appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's title to and property in such Equipment and the rights of Lessor under this Lease.

Lessee will not place any unit of the Equipment in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. Lessee will not change the identifying number of any unit of the Equipment except in accordance with a statement of new number or numbers to be substituted therefor, which statement previously shall have been filed with Lessor and filed, recorded and deposited by Lessee in all public offices where this Lease shall have been filed, recorded and deposited.

Except as provided in the immediately preceding paragraphs, Lessee will not allow the name of any person, association or corporation to be placed on any unit of the Equipment as a designation that might be interpreted as a claim of ownership; provided, however, that Lessee may allow the Equipment to be lettered with the names or initials or other insignia customarily used by Lessee on railroad equipment used by it of the same or a similar type for convenience of identification of its rights to use the Equipment as permitted under this Lease.

§6. TAXES. Lessee agrees that, during the Term of this Lease, Lessee will promptly pay all taxes, assessments and

other governmental charges levied or assessed upon or in respect of the Equipment or any unit thereof or upon the use or operation thereof or Lessee's earnings arising therefrom, if and to the extent that any such taxes, assessments or other governmental charges may give rise to any lien upon the Equipment or any unit thereof or may become a claim entitled to priority over any of the rights of Lessor in and to the Equipment or any unit thereof. Further, as additional rental, Lessee will promptly pay or reimburse Lessor for all taxes, assessments and other governmental charges levied or assessed against Lessor or any predecessor or successor in title of Lessor solely on account of ownership of the Equipment or any unit thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of any tax in the nature of an income or franchise tax on or measured by the net income from the rentals herein provided), including any sales, use or similar taxes payable on account of the purchase or delivery of any unit of the Equipment by Lessor or the leasing of any unit of the Equipment hereunder; but Lessee shall not be required to pay the same so long as Lessee shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in the judgment of Lessor, the rights or interest of Lessor will be materially endangered, nor shall Lessee be required to make any tax payment which is deferred by order of a court having jurisdiction, provided that such deferment shall not subject the title and interest of Lessor in and to the Equipment to any lien or encumbrance. In the event any tax reports are required to be made on the basis of individual units of Equipment, Lessee will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor and Lessee.

§7. MAINTENANCE: PROHIBITION AGAINST LIENS

(a) Lessee agrees, during the continuance of this Lease, at Lessee's own cost and expense, to maintain and keep all units of the Equipment in good and efficient working order and repair, reasonable wear and tear excepted, and acceptable for use, and all units of the Equipment shall be delivered to Lessor at the termination of this Lease with respect to such units in such condition.

Except for alterations or changes required by law, Lessee shall not, without the prior written approval of Lessor, effect any change in the design, construction or body of any unit of the Equipment.

Any parts installed or replacements made by Lessee

upon any unit of the Equipment shall be considered accessions to such unit and title thereto shall be immediately vested in Lessor, without cost or expense to Lessor except that this shall not apply to special equipment installed in any unit of the Equipment by Lessee provided that such equipment is removed by Lessee before the unit is returned to Lessor and all damage resulting from such installation and removal is repaired by Lessee and further provided that removal of such equipment does not affect the unit's serviceability or use.

(b) In addition to and without limitation of its obligations under §6 hereof, Lessee shall pay or satisfy and discharge any and all sums claimed against Lessee by any party which, if unpaid, might become a lien or a charge upon the Equipment or any unit thereof or entitled to priority over any of the rights of Lessor thereto, but Lessee shall not be required to pay or discharge any such claim so long as it shall in good faith and by appropriate legal proceedings contest the validity thereof in any reasonable manner which, in the opinion of Lessor, will not effect or endanger the interests of Lessor in and to the Equipment or any unit thereof.

§8. CASUALTY OCCURRENCES. In the event (i) any unit of Equipment is lost or stolen or is destroyed or damaged beyond economic repair from any cause whatsoever (other than loss, destruction or damage caused by Lessor), or (ii) any unit of Equipment is requisitioned, taken over or nationalized by any governmental agency under the power of eminent domain or otherwise (except for any requisition which does not by its terms extend beyond the Term Terminal Date for such unit), during the Term of this Lease with respect to such unit (each such occurrence being herein called a "Casualty Occurrence") then Lessee shall promptly and fully inform Lessor of such Casualty Occurrence and shall, on the first day of the calendar quarter following the next succeeding calendar quarter, pay to Lessor (or as directed by Lessor), as liquidated damages, the applicable Casualty Value of the unit or units suffering a Casualty Occurrence, determined as set forth in Annex D hereto; provided, however, that such payment shall not be required with respect to any unit requisitioned, nationalized or taken over by any government agency in the event that, following the occurrence of any such event and prior to the date upon which such payment is due, such governmental agency has assumed all of Lessee's obligations with respect to such unit hereunder.

Upon any Casualty Occurrence with respect to any unit of the Equipment as hereinbefore provided, Lessee shall be entitled to receive any award or recovery payable in respect of such Casualty Occurrence; provided however that Lessor shall be entitled to the full amount of any award or recovery from such occurrence either if Lessee shall fail to make any payment due in respect thereof to Lessor under the terms of this §8 (but without limiting any claims Lessor may have against Lessee by reason of such failure to make payment), or if an Event of Default (as hereinafter defined) shall occur (but in such event, only to the extent that such award or recovery is paid after the occurrence of such Event of Default); and provided further that the amount of such award or recovery so received by Lessor shall be credited against the amount due in respect of the applicable Casualty Occurrence.

This Lease shall continue in full force and effect irrespective of the cause, place or extent of any Casualty Occurrence with respect to any unit of the Equipment, the risk of which shall be borne by Lessee; provided however that this Lease shall terminate with respect to any unit of the Equipment which has suffered a Casualty Occurrence on the date upon which Lessor (i) shall receive payment of the amount required to be paid to it for such unit by Lessee under this §8, or (ii) shall receive any award or recovery in respect of such Casualty Occurrence equal to or greater than the amount required to be paid to it for such unit by Lessee under this §8; but in any event without affecting any claims accrued through such date against Lessee (including claims for accrued rent) or any claims against Lessee arising thereafter under the terms of §6, §16 or §17 hereof with respect to such unit. Following such termination as herein provided, absolute right to the possession of, title to and property in such unit suffering a Casualty Occurrence shall pass to and vest in Lessee without any further transfer or action on the part of the Lessor, except that Lessor, if requested, will execute and deliver appropriate instruments confirming passage of such possession, title and property to Lessee.

§9. COMPLIANCE WITH LAWS AND RULES. Lessee will comply, and will cause any permitted sub-lessee of any unit of the Equipment to comply, in all respects with all laws of the jurisdictions in which operations involving units of the Equipment may extend, with the interchange rules of the Association of American Railroads, if applicable, and with all lawful rules of the Interstate Commerce Commission, the Department of Transportation and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Lessee, any permitted sub-lessee or any unit of the Equipment, to the extent that such laws and rules affect the operation or use of any unit of the Equipment. In the event that such laws or rules (as applied to the operation or use of any unit of the Equipment) require the alteration of such Equipment or any unit thereof, the Lessee will conform therewith, at its expense, and will maintain the same in proper condition for operation under such laws and rules; provided, however, that the Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect the prop-

erty or rights of Lessor as owner hereunder.

§10. POSSESSION AND USE. Lessee, so long as an Event of Default (as hereinafter defined) shall not have occurred, shall be entitled, from and after delivery of any unit of the Equipment by Lessor to Lessee, to the possession of such unit and the use thereof, but only upon and subject to all the terms and conditions of this Lease.

Units of the Equipment may be used upon the lines of railroad owned or operated by the Lessee, or any permitted sub-lessee thereof, or upon lines of railroad over which Lessee or any permitted sub-lessee thereof has trackage or other operating rights or over which railroad equipment of the Lessee or any permitted sub-lessee thereof is regularly operated pursuant to contract, trackage or other operating rights and units of the Equipment may be used upon other railroads in the usual interchange of traffic (if such interchange is customary at the time), but only upon and subject to all the terms and conditions of this Lease.

Anything to the contrary herein notwithstanding, Lessee will not assign any unit of the Equipment to service involving the regular operation and maintenance thereof outside the United States of America.

§11. DEFAULT: REMEDIES. If, during the continuance of this Lease or any extension thereof, one or more of the following events (herein called an "Event of Default") shall occur:

(a) Default shall be made in the payment of any part of the rental due and payable hereunder and such default shall continue for five (5) days after written notice from Lessor to Lessee;

(b) Lessee shall make or suffer any unauthorized sub-lease, or assignment or transfer of this Lease or of possession of any unit of the Equipment except for the requisitioning, taking over or nationalizing described in §8 of this Lease and shall fail or refuse to cause such sub-lease, assignment or transfer to be cancelled by agreement of all parties having any interest therein and to recover possession of such Equipment within thirty (30) days after written notice from Lessor to Lessee demanding such cancellation and recovery of possession;

(c) Default shall be made in the observance or performance of any of the covenants, conditions and agreements on the part of Lessee contained herein, other than those

specified in (a) and (b) above, and such default shall continue for thirty (30) days after written notice from Lessor to Lessee specifying the default and demanding the same to be remedied;

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

(e) Any obligation of Lessee for the payment of borrowed money, for the deferred purchase price of property or for the payment of rent or hire under any lease of property shall not be paid when the same become due (and after the lapse of any applicable grace period), and/or any such obligation shall be accelerated and such acceleration shall not be rescinded or annulled within ten (10) days, unless Lessee shall be contesting the payment of any such obligation in good faith and by appropriate proceedings;

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

(g) Any proceedings shall be commenced by or against Lessee for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions, 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 Lessee under this Lease shall not have been duly assumed by a trustee or trustees or receiver or receivers appointed for Lessee or for its property in connection with any such proceedings or other-

wise given the same status as obligations assumed by such a trustee or trustees or receiver or receivers with thirty (30) days after such appointment, if any, or sixty (60) days after such proceedings shall have been commenced, whichever shall be earlier;

then, at any time after the occurrence of such an Event of Default, Lessor, at its option, may

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

(2) by notice in writing demand that Lessee return any or all units of the Equipment to Lessor, and thereupon Lessee shall deliver possession of the units of the Equipment to Lessor in accordance with the provisions of §14 hereof; and Lessor may by its agents enter upon the premises of Lessee or other premises where any unit of the Equipment may be located and take immediate possession of the same (damages occasioned by such taking of possession are hereby expressly waived by Lessee);

(3) sell any or all units of the Equipment at public or private sale, as Lessor may determine, free and clear of any rights of Lessee or sub-lessee thereof and without any duty to account to Lessee with respect to such sale or for the proceeds thereof (except to the extent required by paragraph (6) below if Lessor elects to exercise its rights under said paragraph), in which event Lessee's obligation to pay rental with respect to any unit sold hereunder accruing after the date of such sale shall terminate (except to the extent that such rental is to be included in computations under paragraph (6) below if Lessor elects to exercise its rights under said paragraph);

(4) hold, keep idle or lease to others any or all units of the Equipment, as Lessor in its sole discretion may determine (provided however that Lessor agrees to use its best efforts to sell or re-lease any such units), free and clear of any rights of Lessee and without any duty to account to Lessee for any proceeds

with respect thereto, except that Lessee's obligation to pay rental with respect to such unit accruing after Lessee shall have been deprived of possession of such unit pursuant to this §12 shall be reduced by the net proceeds, if any, received by Lessor from leasing such unit of the Equipment;

(5) if Lessor shall not have leased any particular unit pursuant to paragraph (4) above within 4-1/2 months of the relevant Event of Default, Lessor, by written notice to Lessee, may demand that Lessee pay to Lessor and Lessee shall pay to Lessor, on the payment date specified in such notice, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the rental for such unit accruing after the payment date specified in such notice) any unpaid rental for such unit for the period up to and including the payment date specified in such notice plus an amount equal to the excess, if any, of the then present value of all future rental payments with respect to such unit, discounted to the payment date specified in such notice at the rate of 9% per annum, over the Fair Rental Value (as hereinafter defined) of such unit for the remainder of the Term for such unit, together with interest at the rate of 9% per annum on the amount of such excess from the payment specified in such notice to the actual date of payment of such excess;

(6) if Lessor shall have sold any unit pursuant to paragraph (3) above, Lessor, in lieu of exercising its rights under paragraph (3) above with respect to such unit, may, if it shall so elect, demand that Lessee pay to Lessor and Lessee shall pay to Lessor, as liquidated damages for loss of a bargain and not as a penalty (in lieu of the rental for such unit accruing after the date on which such sale occurs), any unpaid rental for such unit for the period up to and including the date of such sale plus the amount of any deficiency between the net proceeds of such sale and the Casualty Value (computed as of the first day of the succeeding calendar quarter) of such unit, computed as provided in Annex D hereto, together with interest at the rate of 9% per annum on the amount of such deficiency from the date of said sale until the date of actual payment of such deficiency; and/or

(7) Lessor may exercise any other right or remedy which may be available to it under applicable law.

In addition, Lessee shall be liable, except as otherwise provided above, for any and all unpaid rental due hereunder before or during the exercise of any of the foregoing remedies and for all reasonable legal fees and other costs and expenses incurred by reason of the occurrence of any Event of Default or the exercise of Lessor's remedies with respect thereto, including all costs and expenses incurred in retaking, storage, repairing, leasing, selling or otherwise disposing of any unit of the Equipment, paying accrued taxes and other amounts payable thereon, all losses and damages incurred or sustained by Lessor by reason of the occurrence of such Event of Default, and all other amounts payable by Lessee with respect to the Equipment hereunder, together with interest thereon at the rate of 9% per annum on each of the foregoing items.

"Fair Rental Value" with respect to any unit shall mean at any time for the determination thereof an amount equal to the total rental (discounted at the rate of 9% per annum) which would be obtained for such unit for a term equal to the remainder of the Term for such unit in an arm's-length transaction between an informed and willing lessee-user (other than a lessee-user currently in possession) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If on the date upon which this Lease shall be terminated with respect to any unit, or Lessor shall seek to repossess to any unit, any unit of Equipment is found to be damaged, lost, stolen, or destroyed, or subject to requisition, take-over or nationalization by any governmental agency or is subject to any levy, seizure, assignment, application or sale for or by any creditor, Lessee shall be liable for payment of the amounts specified in §8 hereof, in lieu of any payments due under this Section.

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

§12. ASSIGNMENT: SUBLEASE

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

(b) Lessee, without the prior written consent of Lessor, (i) shall not sell, assign, transfer or encumber its leasehold interest under this Lease in the Equipment or any unit thereof, (ii) shall not sub-lease the Equipment or any unit thereof; provided however that Lessee may sub-lease to any of the direct or indirect subsidiaries of United States Steel Corporation without being required to obtain such consent, and further that Lessee may assign and transfer its leasehold interest hereunder in the Equipment or any unit thereof and the possession thereof, without relieving Lessee of any of its obligations under this Lease, to any railroad which shall have assumed all of the obligations hereunder of Lessee and into or with which Lessee shall have merged or consolidated or which shall have acquired all or substantially

all of the assets and properties of Lessee (including Lessee's interest under this Lease). Any instrument which shall evidence the sub-lease, assignment or transfer of Lessee's leasehold interest hereunder in the Equipment or any unit thereof and possession thereof under this §12 that is made by Lessee, its successors or assigns shall contain language which expressly makes the rights granted by such sub-lease, assignment or transfer subject to the subordination contained in this §12(a). At the request of Lessor or any of its predecessors or successors in interest Lessee will cause any sub-lessee, assignee, or transferee to con-
sent in writing to the subordination of its rights as aforesaid. Any sub-lease, assignment or transfer not in accordance with the provisions of this §12 shall be void.

(c) Nothing in this §12 shall be deemed to limit the right of Lessee to sub-lease, assign and transfer Lessee's leasehold interest hereunder in the Equipment or any unit thereof and the possession thereof to a governmental agency empowered to acquire railroad equipment, provided that all the obligations then existing or to accrue of Lessee under this Lease with respect to such Equipment or unit thereof shall be assumed as a general obligation by such governmental agency.

§13. REPORTS: RIGHT TO INSPECT THE EQUIPMENT

(a) During the continuance of this Lease, Lessee will, as soon after the close of each fiscal year of Lessee as practicable, furnish Lessor in duplicate copies of Lessee's most recent annual report to the Interstate Commerce Commission, and of Lessee's most recent annual balance sheet and profit and loss statement, reported on by a nationally recognized firm of certified public accountants. Interim statements, certified by Lessee's chief financial officer, will be furnished by Lessee as reasonably requested by Lessor.

(b) During the Term hereof, Lessee will furnish to Lessor, on or before April 1 in each year (commencing with the year 1973) and on such other dates as Lessor may from time to time reasonably request, an accurate report certified by a duly authorized agent of Lessee stating as of a recent date (but, in the case of each annual statement, not earlier than the preceding December 31 and in the case of any other such statement, not earlier than a date ninety

(90) days preceding the date of such statement): (i)(a) Lessee's road numbers of units of the Equipment then subject to this Lease, (b) Lessee's road numbers of all units of the Equipment that have become worn out, lost, destroyed, irreparably damaged or rendered permanently unfit for use since the date of the previous report (or since the date hereof in the case of the first such report), (c) Lessee's road numbers of all units of Equipment being repaired or awaiting repairs, requisitioned, taken over or nationalized by any governmental authority since the date of the previous report (or since the date hereof in the case of the first such report); (ii) that all units of the Equipment then subject to the Lease have been maintained in accordance with §7 hereof or, if such be the case, is then being repaired in accordance with §7 hereof, and that the legend placed on the Equipment as required by §5 hereof has been preserved or repainted on each side of each unit of Equipment and that Lessee's identifying reporting mark and the appropriate road number have been preserved or repainted on each side of each unit of Equipment as required by §5 hereof; and (iii) such other information regarding the location, condition and state of repair of the Equipment as and when Lessor may reasonably request.

(c) Lessor and/or its assignees shall have the right, at their sole cost and expense, by their authorized agents, employees and/or representatives, to inspect the Equipment or any unit thereof and Lessee's records with respect thereto, at such times and from time to time during the continuance of this Lease as may be reasonably necessary to confirm to the satisfaction of Lessor and/or its assignees the existence and proper maintenance of the Equipment; provided, however, that notwithstanding any contrary provision hereof, Lessee does not assume liability for injury to, or for the death of, any agents, employees and/or representatives of Lessor or other persons, or any property of any of the foregoing, as a result of the exercise of any right of Lessor and/or its assignees under this §13(c).

§14. RETURN OF EQUIPMENT. Upon the expiration of the Term of this Lease with respect to any units of the Equipment, or if Lessor shall rightfully demand possession of the Equipment or any unit thereof pursuant to this Lease or otherwise, Lessee shall (i) if Lessor shall request, forthwith remove or cause any lettering or the names or initials or other insignia customarily used by Lessee to be removed from such units of the Equipment at its cost and expense, and (ii) deliver the possession of such units to Lessor; provided however that nothing in this section shall be deemed to refer to any unit of the Equipment which has suffered a Casualty Occurrence, the rights of the parties hereto with respect to such unit being governed exclusively by the provision of §8 hereof.

For such purpose Lessee shall at its own cost and expense forthwith assemble such units and place them upon such storage tracks of Lessee as Lessor may reasonably designate, or, in the absence of such designation, as Lessee may select, and Lessee shall permit Lessor to store such units of the Equipment on such tracks without cost for a period not exceeding one hundred (100) days from the date that all of the units of the Equipment with respect to which the Term of the Lease has expired are so assembled at the risk of Lessor, and shall at its own cost and expense transport or cause to be transported the same or any thereof, at any time within such one hundred (100) day period, to any place or places on the lines of railroad operated by Lessee or to any connecting carrier (at Lessee's connection point with such connecting carrier) for shipment, all as directed by Lessor. The assembling, delivery, storage and transporting of such units of the Equipment as hereinabove provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee so as to assemble, deliver, store and transport such units.

Without in any way limiting the obligation of Lessee under the foregoing provisions of this §14, Lessee hereby irrevocably appoints Lessor as the agent and attorney of Lessee, with full power and authority, at any time while Lessee is obligated to deliver possession of any unit of Equipment to Lessor, to demand and take possession of such Equipment in the name and on behalf of Lessee from whomsoever shall be at the time in possession of such Equipment.

In the event that any unit of the Equipment subject to this Lease is not re-delivered to Lessor on or before the date on which the Term of this Lease with respect to such unit expires, all of the obligations of Lessee under this Lease with respect to such unit of the Equipment including payment of the appropriate rental in respect thereof, shall remain in full force and effect until such unit is re-delivered to Lessor.

§15. PURCHASE OPTIONS. Provided that this Lease has not been earlier terminated and Lessee is not in default hereunder, Lessee may by written notice delivered to Lessor not less than six months prior to the end of the Term of this Lease with respect to any units of the Equipment elect to purchase such units with respect to which the Term of this Lease will expire, at the end of the Term for a purchase price equal to the Fair Market Value of such units as of the end of such term.

If on or before four months prior to the end of the applicable Term of this Lease, Lessor and Lessee are unable to

agree upon a determination of the Fair Market Value of the applicable units of the Equipment, the Fair Market Value shall be determined by three appraisers, one of whom shall be selected by each of Lessor and Lessee, and the third to be selected by such appraisers selected by the parties hereto.

"Fair Market Value" shall mean at any time for the determination thereof an amount determined on the basis of, and equal to, the value which would obtain in an arm's-length transaction between an informed and willing buyer-user (other than a lessee currently in possession) and an informed and willing seller under no compulsion to sell and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

§16. INDEMNIFICATION. Lessee does hereby assume liability for, and does hereby agree to indemnify, protect, save and keep harmless Lessor, and its successors, assigns, agents and servants, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees and expenses, of whatsoever kind and nature (except liabilities for taxes which Lessee has not agreed to indemnify against pursuant to §6 hereof), imposed on, incurred by or asserted against Lessor, any of its successors, assigns, agents or servants (whether or not also indemnified against by any other person under any other document) in any way relating to or arising out of this Lease Agreement and properties of the Lessor covered hereby, ownership, delivery, nondelivery, lease, possession, use, operation, condition, sale, return or other disposition of any or all of the units of the Equipment (including, without limitation, latent and other defects, whether or not discoverable by Lessor or Lessee, and any claim for patent, trademark or copyright infringement), except only that Lessee shall not be required to indemnify against loss or liability suffered by Lessor, or its successors, assigns, or its agents or servants, where such loss or liability results from the claimant's own willful misconduct or negligence; and provided further that Lessor agrees to indemnify, protect, save and keep harmless Lessee, its successors and assigns, from and against, any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, costs, expenses and disbursements, including legal fees, of whatever kind and nature, imposed upon or incurred by Lessee, or its successors or assigns, as a result of such willful misconduct or negligence. If either party hereto shall have knowledge of any claim or liability hereby indemnified against, it shall give prompt written notice thereof to the other party. Lessee shall be obligated under this section irrespective of whether the individual or the corporation indemnified shall also be indemnified with respect to the same matter by any other person under any other document, and the individual seeking indemnification may proceed directly against Lessee under this section without first resorting to any such other rights of indemnification. Upon the payment in full of any indemnities as contained in this section by Lessee, it shall be subrogated to any right of the individual or corporation indemnified in respect of the matter against which indemnity has been given. In the event Lessee is required to make

any payment under this section, Lessee shall pay the person indemnified an amount which, after deduction of all taxes required to be paid by said 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), shall be equal to the amount of such payment.

§17. PATENT INDEMNITIES. Lessee will indemnify, protect and hold harmless Lessor from and against any and all liability, claims, demands, costs, charges and expenses, including royalty payments and counsel fees, in any manner imposed upon or accruing against Lessor because of the use in or about the construction or operation of the Equipment, or any unit thereof, of any design, articles or material which infringes or is claimed to infringe on or to constitute contributing infringement with respect to any patent or other similar right. Lessor agrees to and hereby does, to the extent legally possible without impairing any claim, right or cause of action hereinafter referred to, transfer, assign, set over and deliver to Lessee every claim, right and cause of action which Lessor has or hereafter shall have against the originator of any design or against the seller or sellers of any designs or articles or materials purchased or otherwise acquired by Lessor for use in or about the construction or operation of the Equipment, or any unit thereof, on the ground that any such designs, article or material or operations thereof infringes or is claimed to infringe on or to constitute contributing infringement with respect to any patent or other right and Lessor further agrees to execute and deliver to Lessee all and every such further assurance as may reasonably be requested by Lessee more fully to effectuate the assignment, transfer and delivery of every such claim, right and cause of action. Lessor will give notice to Lessee of any claim known to the Vendor from which liability may be charged against Lessee hereunder and Lessee will give notice to Lessor of any claim known to it from which liability may be charged against Lessor hereunder.

§18. EXTENSION NOT A WAIVER, ETC. No delay or omission in the exercise of any power or remedy herein provided or otherwise available to Lessor shall impair or affect Lessor's right thereafter to exercise the same unless, with respect to an Event of Default, Lessee shall cure such Default prior to Lessor's exercise of such power or remedy. Any extension of time for payment hereunder or other indulgence duly granted to Lessee shall not otherwise alter or affect Lessor's rights or the obligations of Lessee hereunder. Lessor's acceptance of any payment after it shall have become due hereunder shall not be deemed to alter or affect Lessee's obliga-

tions or Lessor's rights hereunder with respect to any subsequent payments or defaults.

Except as otherwise provided in this Lease, Lessee, to the full extent permitted by law, hereby waives all statutory or other legal requirements for any notice of any kind, notice of intention to take possession of or to sell the Equipment, or any unit thereof, and any other requirements with respect to the enforcement of Lessor's rights hereunder.

§19. MODIFICATION OF LEASE. This Lease, the Annexes attached hereto and all supplements and amendments hereto exclusively and completely state the rights of Lessor and Lessee with respect to the Equipment, and supersede all other agreements, oral or written, with respect to the Equipment. Notwithstanding anything to the contrary in §12 hereof, no modification, variation, termination, discharge or abandonment hereof and no waiver of any of the provisions or conditions shall be valid unless in writing and signed by duly authorized representatives of Lessor and Lessee, or the successors, transferees or assigns of either.

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

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

§22. 360-DAY YEAR. Computations hereunder involving the determination of interest shall be made on the basis of a 360-day year of twelve 30-day months.

§23. NOTICES. All demands, notices and other communications hereunder shall be in writing and shall be deemed to have

been duly given when personally delivered or delivered to a United States post office, first-class postage prepaid, or to a telegraph office, charges prepaid, addressed as follows:

If to Lessor:

Unilease Ltd.
280 Park Avenue
New York, New York 10017

Attention: David James Fisher, Vice President

If to Lessee:

Elgin, Joliet and Eastern Railway Company
P.O. Box 536
Pittsburgh, Pa. 15230

Attention: V. W. Kraetsch, Vice President - Finance

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

§24. GOVERNING LAW. The provisions of this Lease and all rights and obligations hereunder shall be governed by and construed in accordance with the laws of the State of New York.

§25. SURVIVAL OF COVENANTS. Any other provisions contained in this Lease to the contrary notwithstanding, it is hereby agreed that the provisions of §4, §6 §16 and §17 shall survive the expiration or termination hereof.

§26. SUCCESSORS AND ASSIGNS. Subject to the provisions of §12, this Lease shall be binding upon and shall inure to the benefit of Lessor and Lessee and their respective successors and assigns.

§27. EXECUTION IN COUNTERPARTS. This Lease may be executed simultaneously in several counterparts, each of which so executed shall be deemed to be an original against any party whose signature appears thereon, and all such counterparts together shall constitute but one and the same instrument.

§28. RECORDING. Promptly following the execution of this Lease, Lessee, without expense to Lessor, will cause this Lease and all assignments hereof or thereof to be duly filed and recorded with the Interstate Commerce Commission in accordance

with Section 20(c) of the Interstate Commerce Act and this Lease to be deposited with the Registrar General of Canada in accordance with Section 148 of the Railway Act (and notice of such deposit to be given in the "Canada Gazette" pursuant to said Section 148). Lessee will further duly file and record or deposit as aforesaid any amendments or supplements hereto (and with regard to any Lease Supplement, prior to the delivery and acceptance of the units referred to therein) and re-file and re-record any of the foregoing as may be necessary. Lessee will promptly furnish to the Company certificates or other evidences of such filing and recording and re-filing and re-recording and an opinion satisfactory to the Company of counsel for Lessee, or an attorney designated by him satisfactory to the Company, with respect thereto. In addition, the Lessee shall do and perform any other act and will execute, acknowledge, deliver, file, register, deposit and record (and will, re-file, re-register, re-deposit and re-record whenever necessary) any and all further instruments required by law or reasonably requested by the Company for the purpose of the proper protection (to the satisfaction of the Company and its counsel) of its title to and interest in the Equipment or any unit thereof, and its rights under this Agreement or for the purpose of carrying out the intention of this Agreement or any assignment hereof. The Lessee shall promptly furnish to the Company evidences of any of the foregoing.

§29. OTHER EQUIPMENT LEASES AND SECURED OBLIGATIONS.

Lessee agrees that, during the continuance of this Lease, Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of Lessee under this Lease.

IN WITNESS WHEREOF, Lessor has caused this Lease to be executed in its corporate name, by one of its officers thereunto duly authorized, and its corporate seal to be hereunto affixed and duly attested, and Lessee has caused this Lease to be executed in its corporate name by one of its officers thereunto duly autho-

ANNEX A to Lease of Railroad Equipment

EQUIPMENT

<u>No. of Units</u>	<u>Description</u>	<u>Manufacturers' Invoice Price (Approximate)</u>	<u>E, J&E Road Numbers</u>	<u>Expected Closing Date</u>	<u>Quarterly Rental per unit*</u>	<u>Daily Rental per unit*</u>
150	100-Ton General Service Gondolas; Whitaker Corporation, Berwick Forge and Fabricating Division, builder	\$2,266,300	86000-86069	8/10/72	2.0719%	0.0230%
24	125-Ton Covered Hopper Cars; ACF Industries, Inc., builder	\$622,800	4200-4279	10/10/72	2.0719%	0.0230%
100	70-Ton Coke Hopper Cars with Air-operated Doors and Used Friction Bearing Trucks; Greenville Steel Car Company, builder	\$1,951,000	73001-73100	12/20/72	1.8138%	0.0202%
4	GP-38, 2000 H.P. Diesel, Electric Locomotives; General Motors Corporation (Electro-Motive Division), builder	\$1,052,900	700-703	12/20/72	2.0719%	0.0230%
		<u>\$5,893,000</u>				

* expressed as a percentage of the Purchase Price (as defined in §3 of the Conditional Sale Agreement) of such unit

ANNEX B. to Lease of Railroad Equipment.

CERTIFICATE OF ACCEPTANCE

The undersigned, the duly authorized representative of Unilease Ltd. (the "Lessor") and of Elgin, Joliet and Eastern Railway Company (the "Lessee"), hereby certifies with respect to _____, manufactured by _____, bearing the identifying reporting mark _____ and road numbers of Lessee as follows:

pursuant to the Lease of Railroad Equipment, dated as of July 17, 1972 between Lessor and Lessee as follows:

1. That he, either personally or through qualified inspectors working under his supervision, inspected, in accordance with inspection and testing practices and methods which in his opinion are adequate for the protection of Lessee, the materials and other components which were incorporated in, and the construction of, said Equipment.
2. That the materials and other components incorporated in, and the construction of, said Equipment complies fully with, and said Equipment has been completed in full accordance with, the Purchase Order referred to in the Lease.
3. That said Equipment has been delivered in good order and ready for service by Lessor to Lessee at _____ and was accepted by the undersigned on this day on behalf of Lessee, in accordance with the provisions of the Lease.

Accepted By: _____

Authorized Representative of the Lessee

Dated _____

ANNEX C. to Lease of Railroad Equipment.

LEASE SUPPLEMENT NO.

This LEASE SUPPLEMENT No. _____ dated _____, 19____, between Unilease Ltd., a Delaware corporation, (the "Lessor") and Elgin, Joliet and Eastern Railway Company, an Illinois and Indiana corporation (the "Lessee").

W I T N E S S E T H:

WHEREAS, Lessor and Lessee have heretofore entered into a certain Lease Agreement dated as of July 17, 1972 (the "Lease") and the defined terms therein being herein used with the same meaning, which Lease provides in §1 for the execution from time to time of Lease Supplements each substantially in the form hereof for the purpose of leasing specific units of the Equipment to be leased under the Lease as and when delivered by Lessor to Lessee in accordance with the terms thereof; and

WHEREOF, the Lease has been filed with and recorded by the Interstate Commerce Commission on _____, 1972 and assigned recordation number _____;

NOW, THEREFORE, in consideration of the premises and other good and sufficient consideration, Lessor and Lessee hereby agree as follows:

1. Lessor hereby delivers and leases to Lessee, and Lessee hereby accepts and leases from Lessor, under the Lease, as herein supplemented, the following units of the Equipment (the "Units"):

(Description of units) _____, bearing the identifying reporting mark and road numbers of Lessee as follows:

2. The Delivery Date of the Units is the date of this Lease Supplement set forth in the opening paragraph hereof.

3. The Purchase Price for the Units is \$

4. The Term for each Unit shall commence on the Delivery Date and shall end on the Term Terminal Date for such unit.

5. Lessee confirms its agreement set forth in §3 of the Lease to pay Lessor rental for the Units throughout the Term as follows: (i) on January 1, 1973 for the period from the Manufacturer's Closing Date (as defined in the Lease) for such units to December 31, 1972, or, where such Manufacturer's Closing Date is after December 29, 1972, from December 29, 1972 to and including December 31, 1972, at the daily rate specified in Annex A to the Lease, and (ii) on January 1, 1973 and on each January 1, April 1, July 1, and October 1, thereafter, at the quarterly rate specified in Annex A to the Lease.

6. Lessee hereby confirms to Lessor that each of the Units has been duly marked in accordance with the terms of §5 of the Lease.

7. All of the provisions of the Lease are hereby incorporated by reference in this Lease Supplement on and as of the date of this Lease Supplement, to the same extent as if fully set forth herein.

8. This Lease Supplement shall in all respects be governed by the laws of the State of New York.

IN WITNESS WHEREOF, Lessor and Lessee have caused this Lease Supplement to be duly executed as of the date and year first above written.

LESSOR

UNILEASE LTD.

[seal]

By _____

Attest:

Title: _____

Title: _____

LESSEE

ELGIN, JOLIET AND EASTERN
RAILWAY COMPANY

[seal]

By _____

Attest:

Title: _____

Title: _____

ANNEX D to Lease of Railroad Equipment (page 1)

15 Year Lease

<u>Calendar Quarter*</u>	<u>Percentage of Purchase Price**</u>	<u>Calendar Quarter*</u>	<u>Percentage of Purchase Price**</u>
1	99.063	31	60.607
2	99.182	32	59.286
3	99.174	33	57.848
4	99.123	34	56.488
5	98.949	35	55.014
6	98.746	36	53.612
7	98.432	37	52.107
8	98.083	38	50.670
9	97.624	39	49.134
10	97.134	40	47.660
11	96.540	41	46.096
12	95.923	42	44.591
13	90.322	43	42.999
14	89.504	44	41.461
15	88.515	45	39.846
16	87.629	46	38.281
17	86.581	47	36.643
18	85.635	48	35.048
19	84.528	49	33.392
20	83.520	50	31.772
21	77.685	51	30.093
22	76.620	52	28.442
23	75.406	53	26.744
24	74.284	54	25.066
25	73.020	55	23.345
26	71.847	56	21.636
27	70.535	57	19.895
28	69.309	58	18.158
29	63.278	59	16.393
30	62.006	60	14.133

* Casualty Values are determined as of the calendar quarter in which the Casualty Occurrence occurs irrespective of the actual date of payment.

** Purchase Price as defined in §3 of Conditional Sale Agreement.

18 Year Lease

<u>Calendar Quarter*</u>	<u>Percentage of Purchase Price**</u>	<u>Calendar Quarter*</u>	<u>Percentage of Purchase Price**</u>
1	98.929	37	61.834
2	99.159	38	60.735
3	99.253	39	59.520
4	99.343	40	58.390
5	99.299	41	57.151
6	99.263	42	55.995
7	99.104	43	54.734
8	98.949	44	53.551
9	98.671	45	52.271
10	98.401	46	51.067
11	98.014	47	49.768
12	97.657	48	48.541
13	92.861	49	47.228
14	92.318	50	45.981
15	91.605	51	44.650
16	91.000	52	43.380
17	90.230	53	42.034
18	89.569	54	40.743
19	88.745	55	39.378
20	88.027	56	38.064
21	82.478	57	36.684
22	81.708	58	35.348
23	80.784	59	33.949
24	79.962	60	32.589
25	78.992	61	31.174
26	78.123	62	29.791
27	77.109	63	28.357
28	76.194	64	26.950
29	70.464	65	25.500
30	69.507	66	24.069
31	68.414	67	22.600
32	67.415	68	21.143
33	66.286	69	19.657
34	65.251	70	18.177
35	64.091	71	16.672
36	63.022	72	14.135

* Casualty Values are determined as of the calendar quarter in which the Casualty Occurrence occurs irrespective of the actual date of payment.

** Purchase Price as defined in §3 of Conditional Sale Agreement.