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9-155A010

Interstate Commerce Commission
Washington, D.C.

Date JUN 4 1979

RECORDATION NO. 10410 Filed 1425

Gentlemen:

50.00

JUN 4 1979 - 9 25 AM

Enclosed for recordation under the provisions of 49 USC 11303 (formerly Section 20(c) of the Interstate Commerce Act), as amended, are the original and eleven counterparts of an Equipment Lease dated as of February 1, 1979.

A general description of the railroad rolling stock covered by the enclosed document is set forth in Schedule 1 attached to this letter and made a part hereof.

The names and addresses of the parties are:

Lessor: The Connecticut Bank and Trust Company, as Trustee under Milwaukee Road No. 79-2 One Constitution Plaza Hartford, Connecticut 06115

Lessee: Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company 516 West Jackson Boulevard 874 Union Station Building Chicago, Illinois 60606

The undersigned is the Lessor mentioned in the enclosed document and has knowledge of the matters set forth therein.

Please return the original and ten copies of the Equipment Lease to Michael G. McGee, Esq., Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Also enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

THE CONNECTICUT BANK AND TRUST COMPANY, as Trustee under Milwaukee Road No. 79-2

By 
ASSISTANT VICE PRESIDENT

REC'D JUN 4 1979

JUN 4 9 17 AM '79

RECEIVED

Enclosures

Michael G. McGee

SCHEDULE 1

<u>Number of Items</u>	<u>Description</u>	<u>Identifying Mark and Numbers (Both Inclusive)</u>
40	50 foot, 70 Ton XM Boxcars	MILW 50668-50669 50699-50702 50704-50706 50711-50712 50770 50786 50800 50817-50818 50823-50829 50833 50847 50853 50859-50860 50864 50868 50870-50875 50882 50888 50895-50896
100	70 Ton XP Boxcars	MILW 56600-56699 (both inclusive)
100	70 Ton XF Boxcars	MILW 16000-16099 (both inclusive)

Interstate Commerce Commission
Washington, D.C. 20423

6/4/79

OFFICE OF THE SECRETARY

Michael G. McGee, Esq.
Chapman and Cutler
111 West Monroe Street
Chicago, Illinois 60603

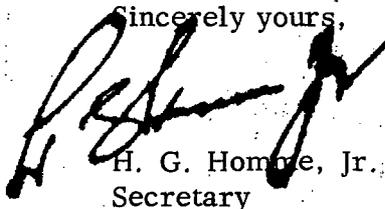
Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C.

11303, on 6/4/79 at 9:25am, and assigned recordation number(s).

10410 & 10411

Sincerely yours,



H. G. Homme, Jr.
Secretary

Enclosure(s)

SE-30
(3/79)

RECORDATION NO. 10410 Filed 1425

JUN 4 1979 - 9 25 AM

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE

Dated as of February 1, 1979

BETWEEN

THE CONNECTICUT BANK AND TRUST COMPANY,
not in its individual capacity but solely as Trustee

LESSOR

AND

STANLEY E.G. HILLMAN, TRUSTEE OF THE PROPERTY OF
CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, DEBTOR

LESSEE

(Milwaukee Road No. 79-2)
(240 70-Ton Boxcars)

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ATTACHMENTS TO EQUIPMENT LEASE:

Schedule A - Description of Items of Equipment

Schedule B - Certificate of Acceptance Under Equipment Lease

Schedule C - Schedule of Casualty Values

EQUIPMENT LEASE

THIS EQUIPMENT LEASE ("this Lease" or "Equipment Lease") dated as of February 1, 1979 between THE CONNECTICUT BANK AND TRUST COMPANY, a Connecticut banking corporation, not individually but solely as trustee (the "Lessor") under a Trust Agreement dated as of February 1, 1979 (the "Trust Agreement") with STEINER SEA, AIR & RAIL CO., a Utah corporation (the "Trustor"), and STANLEY E.G. HILLMAN, TRUSTEE OF THE PROPERTY OF CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, Debtor, a Wisconsin corporation, as lessee (said Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, together with any additional successor Trustee or Trustees of such property, and upon assignment, transfer or succession to the interest therein by the reorganized debtor pursuant to Section 77 of the Federal Bankruptcy Act, such reorganized company and its successors and assigns, being hereinafter referred to as the "Lessee", and Chicago, Milwaukee, St. Paul and Pacific Railroad Company in its individual corporate capacity being hereinafter sometimes referred to as "Milwaukee Road");

R E C I T A L S:

A. On December 19, 1977, Milwaukee Road filed a Petition for Reorganization under Section 77 of the Federal Bankruptcy Act in the United States District Court for the Northern District of Illinois, Eastern Division (the "Court"), such Petition was duly approved as properly filed by an order signed on December 20, 1977 by the Court (said Petition and any and all other proceedings with respect thereto filed with the Court being hereinafter called the "Reorganization Proceedings") and the Lessee was duly qualified as Trustee of the Property of Milwaukee Road on February 13, 1978.

B. Pursuant to a Purchase Order Assignment dated as of February 1, 1979 (the "Purchase Order Assignment"), the Lessee has assigned to the Lessor its right to purchase the railroad equipment described in Schedule A attached hereto (collectively the "Equipment" and individually an "Item of Equipment").

C. The Lessee and the Lessor intend to enter into a Participation Agreement dated as of February 1, 1979 (the "Participation Agreement") with the Trustor, First Security Bank of Utah N.A., as Security Trustee (the "Security Trustee"), and the institutional investors named in Schedule 2 thereto (the "Note Purchasers") providing for (i) the commitment of the Trustor to advance funds equal to 30% of the Purchase Price (as defined in the Participation Agreement) of each Item of Equipment and (ii) the commitment of the Note Purchasers to purchase the Secured Notes of the Trustee (the "Notes") on the Delivery and Closing Dates specified therein to finance the balance

of the Purchase Price of each Item of Equipment. It is contemplated that the Participation Agreement will provide that the Notes be secured by an assignment of the Lessor's right, title and interest in and to this Lease and in and to the Equipment pursuant to a Security Agreement-Trust Deed dated as of February 1, 1979 (the "Security Agreement") from the Lessor to the Security Trustee.

SECTION 1. LEASE AND DELIVERY OF EQUIPMENT.

1.1. Intent to Lease and Hire. Upon execution and delivery of the Certificate of Acceptance (as hereinafter defined) for an Item of Equipment, the Lessor shall lease and let such Item of Equipment to the Lessee for the rental and on and subject to the terms and conditions herein set forth.

1.2. Delivery and Acceptance of Items. The Lessor hereby authorizes one or more employees or agents of the Lessee, designated by the Lessee, as the authorized representative or representatives of the Lessor to accept delivery of the Items of Equipment pursuant to the Purchase Order Assignment. The Lessor will cause each Item of Equipment to be tendered to such authorized representative or representatives on a Delivery and Closing Date under the Participation Agreement at the place of delivery set forth in Schedule A. Upon such tender the Lessee will cause such authorized representative or representatives to inspect each such Item of Equipment, and, if such Item of Equipment is found to be in good order, to accept delivery of such Item of Equipment on behalf of the Lessor on said Delivery and Closing Date and to execute and deliver to the Lessor and the manufacturer thereof (the "Manufacturer") a Certificate of Acceptance in the form attached hereto as Schedule B (the "Certificate of Acceptance") with respect to such Item of Equipment. Such acceptance of delivery by such authorized representative or representatives on behalf of the Lessor shall, without further act, irrevocably constitute acceptance by the Lessee of such Item of Equipment for all purposes of this Lease. The Lessee shall not accept on behalf of the Lessor and the Lessor shall have no obligation to lease to the Lessee (i) any Item of Equipment delivered after the Outside Delivery Date therefor set forth in Schedule A hereto or (ii) any Item of Equipment with respect to which the payment therefor by the Lessor would cause the Purchase Price (as defined in the Participation Agreement) for such Item and all Items of Equipment previously delivered to and accepted on behalf of the Lessor to exceed \$9,300,000. The Lessee shall remain responsible for and shall be liable to the Lessor for any Item accepted by such inspector which is not actually in good order and in conformance with Section 1.3 hereof and the other requirements of this Lease relating to the condition or use of such Item.

1.3. Lessee's Satisfaction with Equipment; Conformance with Specifications and Requirements. The Lessee's execution and delivery of a Certificate of Acceptance with respect to each Item of Equipment pursuant to Section 1.2 hereof shall conclusively establish that such Item of Equipment is acceptable to and accepted by the

Lessee under this Lease, notwithstanding any defect with respect to design, manufacture, condition or in any other respect, and that such Item of Equipment is in good order and condition and appears to conform to the specifications applicable thereto and to all applicable United States Department of Transportation and Interstate Commerce Commission requirements and specifications, if any, and to all standards required or recommended by the Association of American Railroads applicable to new railroad equipment qualified for interchange of the character of the Equipment as of the date of this Lease. By execution and delivery of such Certificate of Acceptance, the Lessee represents that it has no knowledge of any such defect.

SECTION 2. RENTALS AND PAYMENT DATES.

2.1. Rentals for Equipment. The Lessee agrees to pay the Lessor, on the dates provided in Section 2.2 hereof, the following rentals for each Item of Equipment leased hereunder:

(a) Interim Rental. For each Item of Equipment, an amount per day (the "Interim Rental") equal to 0.032256% of the Purchase Price thereof (as defined in the Participation Agreement) for the period, if any, from and including the Delivery and Closing Date (as defined in the Participation Agreement) for such Item to, but not including July 15, 1979 (the "Term Lease Commencement Date");

(b) Fixed Rental. Thereafter, for each Item of Equipment, 60 consecutive quarterly installments of rental (the "Fixed Rental"), payable in arrears, each in an amount equal to 2.9030% of the Purchase Price thereof;

provided, however, that in the event the Court shall enter an Early Termination Order (as hereinafter defined), the obligation of the Lessee to pay rentals as aforesaid shall be modified so that the Lessee shall pay to the Lessor for each Item of Equipment an amount per day equal to 0.032256% of the Purchase Price thereof for the period from and including the rent payment date next preceding the effective date of the Early Termination Order (or such effective date if the same shall occur on a rent payment date) to, but not including the Early Termination Date in respect of such Item, said amount to be payable on the first day of the calendar month next following the Early Termination Date in respect of such Item. Certain of the installments of rental provided to be paid pursuant to this Section 2.1 may be increased in the event required by Section 21 hereof.

2.2. Rental Payment Dates. The installment of Interim Rental for each Item of Equipment shall be due and payable on the Term Lease Commencement Date. The first installment of Fixed Rental for each Item of Equipment shall be due and payable three months thereafter and the balance of the Fixed Rental installments shall be

paid in consecutive three month intervals thereafter. If any of the rent payment dates is not a business day, the rent payment otherwise payable on such date shall be payable on the next succeeding business day. For purposes of this Lease, the term "business day" means calendar days, excluding Saturdays, Sundays and holidays on which banks in the State of Illinois or Utah are authorized or required to close.

2.3. Place of Rent Payment. The Lessor instructs the Lessee to make all payments due hereunder as follows:

(a) The installment of Interim Rental shall be paid to the Lessor by bank wire transfer (identifying the same as the payment of Interim Rental relating to Milwaukee Road No. 79-2) to the address provided for payments in Section 22.1 hereof; provided that in the event the Lessor shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(b) Each installment of Fixed Rental shall be paid to the Lessor by wire transfer (identifying the same as a payment of Fixed Rental relating to Milwaukee Road No. 79-2) to the address provided for payments in Section 22.1 hereof; provided that in the event the Lessor shall notify the Lessee in writing that the right to receive payment of such installment shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by wire transfer to the place designated in such notice or as otherwise designated from time to time in writing by such assignee; and provided further that in the event such notice shall direct the Lessee to divide such installment into not more than two portions and to pay each portion by wire transfer separately to not more than two parties, the Lessee agrees to do so;

(c) The entire amount of any payment of Casualty Value pursuant to Section 11 hereof shall be paid to the Lessor by a check drawn on a bank located in the continental United States (identifying the same as a payment of Casualty Value relating to Milwaukee Road No. 79-2) and forwarded to the Lessor at its address and in the manner set forth in Section 22.1 hereof for the giving of notices hereunder; provided that in the

event the Lessor shall notify the Lessee in writing that the right to receive payment of such Casualty Value shall have been assigned in accordance with Section 16 hereof, the Lessee shall make such payment by such check in the manner designated in such notice or as otherwise designated from time to time in writing by such assignee;

(d) The amount of any payment owing to the Lessor or the Trustor pursuant to Sections 6, 10.2 and 11.1 (with respect to public liability insurance) hereof and, subject to the provisions of Section 2.7 of the Participation Agreement the amount of any sum (other than sums payable in the form of rental increases) owing pursuant to Section 21 hereof, shall be made directly to the party to receive the same without regard to the assignment of this Lease or the payments due hereunder pursuant to Section 16 hereof;

(e) The amount of any interest due in respect of the late payment of amounts pursuant to Section 22.2 hereof shall be paid to the party and in the manner herein provided to receive said rental or other amount; and

(f) All payments other than those above specified shall be made by the Lessee directly to the party to receive the same unless any such payment has previously been made by the Lessor or the Security Trustee, in which case the Lessee shall reimburse the Lessor or the Security Trustee, as the case may be, directly for such payment.

The Lessee agrees that it will make payments due hereunder by wire transfer where specified above at the opening of business on the due date of such payment of Federal or otherwise immediately available funds to the party to whom such payment is to be made, and otherwise by check of the Lessee drawn on a bank located in the continental United States and mailed to the party to receive the same at the address herein provided or at such other address as the Lessee shall have been provided in writing.

2.4. Net Lease. This Lease is a net lease and the Lessee's obligation to pay all Interim Rental and Fixed Rental and other amounts payable hereunder shall be absolute and unconditional under any and all circumstances and, without limiting the generality of the foregoing, the Lessee shall not be entitled to any abatement of rent or reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due to any present or future claims of the Lessee against the Lessor or the Trustor under this Lease or otherwise or against any assignee of the Lessor pursuant to Section 16 hereof; nor except as otherwise expressly provided herein, shall this

Lease terminate, or the respective obligations of the Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Equipment from whatsoever cause, the taking or requisitioning of the Equipment by condemnation or otherwise, the lawful prohibition of Lessee's use of the Equipment, the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to Section 11 hereof, or until, pursuant to Section 13 hereof, the Equipment has been returned to the possession of the Lessor (for all purposes of this Lease any Item of Equipment shall not be deemed to have been returned to the Lessor's possession until all of the Lessee's obligations with respect to the return, transportation and storage thereof have been performed). 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 Items of Equipment 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 Lessor or any assignee pursuant to Section 16 hereof for any reason whatsoever.

SECTION 3. TERM OF THE LEASE.

The term of this Lease as to each Item of Equipment shall begin on the date of the delivery to and acceptance by the Lessee of such Item of Equipment and, subject to the provisions of Sections 11, 14 and 18 hereof, shall terminate as to such Item of Equipment upon the earlier of (a) the date occurring 15 years following the Term Lease Commencement Date provided for in Section 2.1(a) hereof, or (b) in the event the Court orders the termination of this Lease as to all Items of Equipment then leased hereunder in connection with the discontinuance of substantially all service and/or the liquidation of substantially all of the assets of the Milwaukee Road (the "Early Termination Order"), the date of return (the "Early Termination Date") of such Item of Equipment by the Lessee in the manner contemplated by Section 13.2 hereof. Upon the return of an Item of Equipment to the Lessor pursuant to said Section 13.2, the obligation of the Lessee to pay rentals in respect of such Item accruing subsequent to the Early Termination Date shall terminate and the Lessor shall have no claim against the Lessee or the estate of the Milwaukee Road for such unaccrued rental or, except pursuant to the next following proviso, for other obligations of the Lessee under this Lease; provided that the Lessee shall thereafter continue to be liable with respect to its obligations under Sections 6 and 21 hereunder and in respect of any other obligation which accrues hereunder prior to such termination,

until payment or performance of such obligation in full and the Lessee shall in any event remain liable for each of its obligations under Section 13.2 hereof for the period provided therein; and provided, further, that no Successor Company (as defined in Section 14.1 hereof) which at any time may become the successor lessee hereunder may exercise any right to terminate this Lease pursuant to clause (b) above.

SECTION 4. OWNERSHIP AND MARKING OF EQUIPMENT.

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

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

"Owned by a Bank or Trust Company
and Subject to a Security Interest
Recorded with the I.C.C."

with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Item of Equipment, its rights under this Lease and the rights of any assignee under Section 16 hereof. The Lessee will not place any such Item of Equipment in operation or exercise any control or dominion over the same until the required legend shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. The Lessee will not change the road number of any Item of Equipment except in accordance with a statement of new road numbers to be substituted therefor, which statement previously shall have been delivered to the Lessor, the Trustor and the Security Trustee by the Lessee and filed, recorded or deposited in all public offices where this Lease shall have been filed, recorded or deposited.

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

SECTION 5. DISCLAIMER OF WARRANTIES.

THE LESSOR LEASES THE EQUIPMENT, AS-IS, IN WHATEVER CONDITION IT MAY BE, WITHOUT ANY AGREEMENT, WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, BY EITHER THE LESSOR OR THE TRUSTOR, EACH EXPRESSLY DISCLAIMING ANY WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO (A) THE FITNESS FOR ANY PARTICULAR PURPOSE OR MERCHANTABILITY OF ANY ITEM OR ITEMS OF EQUIPMENT, (B) THE TITLE THERETO, OR THE LESSOR'S INTEREST THEREIN, (C) THE LESSEE'S RIGHT TO THE QUIET ENJOYMENT THEREOF, (D) THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE EQUIPMENT, OR (E) ANY OTHER MATTER WHATSOEVER, IT BEING AGREED THAT ALL SUCH RISKS, AS BETWEEN THE LESSOR, THE TRUSTOR AND THE LESSEE, ARE TO BE BORNE BY THE LESSEE. The Lessor hereby appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce, from time to time, in the name and for the account of the Lessor and the Lessee, as their interests may appear, but in all cases at the sole cost and expense of the Lessee, whatever claims and rights the Lessor may have against the Manufacturer, provided, however, that if at any time an Event of Default shall have occurred and be continuing, the Lessor may assert and enforce, at the Lessee's sole cost and expense (subject to an Early Termination Order pursuant to Section 3(b) hereof), such claims and rights. The Lessor shall have no responsibility or liability to the Lessee or any other person with respect to any of the following: (i) any liability (including strict liability in tort), loss or damage caused or alleged to be caused directly or indirectly by any Item of Equipment or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation or performance of any Item of Equipment 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 Item of Equipment.

SECTION 6. LESSEE'S INDEMNITY.

6.1. Scope of Indemnity. The Lessee shall defend, indemnify and save harmless the Lessor (in both its individual and fiduciary capacities), each Note Purchaser, the Security Trustee and the Trustor and their respective successors and assigns from and against:

(a) any and all loss or damage to the Equipment, usual wear and tear excepted; and

(b) any claim, cause of action, damages, liability (including strict liability in tort) cost or expense (including, without limitation, counsel fees and costs in connection therewith) which may be incurred in any manner by or for the account of any of them (i) relating to any Item of Equipment or any part thereof, including, without limitation, the construction, purchase, delivery, acceptance, rejection, ownership, sale,

leasing, return or storage of any Item of Equipment or as a result of the use, maintenance, repair, replacement, operation or the condition thereof (whether defects are latent or discoverable by the Lessee or any indemnified party), (ii) by reason or as the result of any act or omission (whether negligent or otherwise) of the Lessee for itself or as agent or attorney-in-fact for the Lessor hereunder, (iii) as a result of claims for patent, trademark or copyright infringements relating to the Items of Equipment, or (iv) as a result of claims for negligence or strict liability in tort related to this Lease or any Item of Equipment;

provided, however, that any claim by the Trustor for Federal income tax indemnification shall be governed by Section 21 hereof. The indemnities and assumptions of liabilities set forth in this Section 6.1 do not guarantee a residual value in the Equipment nor do they guarantee the payment of the Notes or any interest accrued thereon.

6.2. Continuation of Indemnities and Assumptions. The indemnities and assumptions of liability in this Section 6 contained shall continue in full force and effect notwithstanding the termination of this Lease, or the termination of the term hereof in respect of any one or more Items of Equipment, whether by expiration of time, by operation of law, by exercise of the right to terminate pursuant to clause (b) of Section 3 hereof or otherwise; provided, however, that such indemnities and assumptions of liability shall not apply in respect of any matters referred to in subsection (a) or clause (i), (ii) or (iv) of subsection (b) of Section 6.1 hereof, occurring after the termination of this Lease, except for any such matters occurring after the termination arising in connection with the Lessee's assembling, delivering, storing or transporting of the Equipment as provided in Section 13 or 15, as the case may be. The Lessee shall be entitled to control, and shall assume full responsibility for, the defense of such claim or liability.

SECTION 7. RULES, LAWS AND REGULATIONS.

The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including, without limitation, the rules of the United States Department of Transportation, the Interstate Commerce Commission and the current Interchange Rules or supplements thereto of the Mechanical Division, Association of American Railroads as the same may be in effect from time to time) with respect to the use and maintenance of each Item of Equipment subject to this Lease; provided, however, that the Lessee shall be under no obligation to so comply so long as it is contesting in good faith and by appropriate legal proceedings such law, regulation, requirement or rule and such failure of compliance does not, in the reasonable opinion of the Lessor and the Security Trustee, adversely

affect the interest thereof. In case any equipment or appliance is required to be altered, added, replaced or modified on any Item of Equipment in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such alterations, additions, replacements and/or modifications (the "Alterations") at its own expense and title thereto shall be immediately vested in the Lessor. The Lessee agrees that, within 30 days after the close of any calendar quarter in which the Lessee had made any Alteration, the Lessee will give written notice thereof to the Lessor describing, in reasonable detail, the Alterations and specifying the cost thereof with respect to each Item of Equipment and the date or dates when made.

SECTION 8. USE AND MAINTENANCE OF EQUIPMENT.

The Lessee shall use the Equipment only in the manner for which it was designed and intended and so as to subject it only to ordinary wear and tear. The Lessee shall, at its own cost and expense, maintain and keep the Equipment in good order, condition and repair, ordinary wear and tear excepted, qualified for use in interchange. Except as required by the provisions of Section 7 hereof, the Lessee shall not modify any Item of Equipment without the prior written authority and approval of the Lessor and any assignee pursuant to Section 16 hereof which shall not be unreasonably withheld. Any parts installed or replacements made by the Lessee upon any Item of Equipment pursuant to Section 7 hereof or pursuant to its obligation to maintain and keep the Equipment in good order, condition and repair under this Section 8 shall be considered accessions to such Item of Equipment and title thereto shall be immediately vested in the Lessor without cost or expense to the Lessor. The Lessee shall make no other additions or improvements to any Item of Equipment unless the same are readily removable without causing material damage to such Item of Equipment. Title to any such readily removable additions or improvements shall remain with the Lessee. If the Lessee shall at its cost cause such readily removable additions or improvements to be made to any Item of Equipment, the Lessee agrees that it will, prior to the return of such Item of Equipment to the Lessor hereunder, remove the same at its own expense without causing material damage to such Item of Equipment.

SECTION 9. LIENS ON THE EQUIPMENT.

The Lessee shall pay or satisfy and discharge any and all claims against, through or under the Lessee and its successors or assigns which, if unpaid, might constitute or become a lien or a charge upon any Item of Equipment, and any liens or charges which may be levied against or imposed upon any Item of Equipment as a result of the failure of the Lessee to perform or observe any of its covenants or agreements under this Lease, and any other liens or charges which arise by virtue of claims against, through or under any party other than the Lessor, but the Lessee shall not be required to pay or discharge any such claims so long as it shall, in good faith and by

appropriate legal proceedings, contest the validity thereof in any reasonable manner which will not affect or endanger the title and interest of the Lessor or the security interest or other rights of any assignee under Section 16 hereof in and to the Equipment. The Lessee's obligations under this Section 9 shall survive the termination of this Lease.

SECTION 10. FILING; PAYMENT OF STATE AND LOCAL TAXES.

10.1. Filing. The Lessee will, at its sole expense, cause this Lease and the Security Agreement to be duly filed, registered, recorded or deposited with the Interstate Commerce Commission in accordance with 49 USC 11303 (formerly Section 20c of the Interstate Commerce Act) and in such other places within or without the United States as the Lessor or the Security Trustee may reasonably request and will furnish the Lessor and the Security Trustee proof thereof. The Lessee will, from time to time, do and perform any other act and will execute, acknowledge, deliver, file, register and record (and will refile, reregister or rerecord whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Security Trustee, for the purpose of protecting the Lessor's title to, or the Security Trustee's security interest in, or the Lessor's leasehold estate in, any Item of Equipment to the satisfaction of the Lessor's or the Security Trustee's counsel or for the purpose of carrying out the intention of this Lease, and in connection with any such action, will deliver to the Lessor and the Security Trustee proof of such filings and an opinion of the Lessee's counsel that such action has been properly taken. The Lessee will pay all costs, charges and expenses incident to any such filing, refiling, recording and rerecording or depositing and redepositing of any such instruments or incident to the taking of such action and shall provide an opinion of counsel as to the proper recordation or filing of such instrument pursuant to Section 2.5 of the Security Agreement.

10.2. Payment of Local Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor (in its individual and fiduciary capacities), each Note Purchaser, the Security Trustee and the Trustor (the "Indemnitees") of collection or other charges and will be free of expense to the Indemnitees with respect to the amount of any local, state, Federal or foreign taxes (other than any United States Federal income tax [and, to the extent that any respective Indemnitee receives credit therefor against its United States Federal income tax liability in the taxable year in which the foreign tax is incurred, any foreign income tax of such Indemnitee] payable by any respective Indemnitee in consequence of the receipt of payments provided herein and other than the aggregate of all net income or franchise taxes measured by net income based on such receipts, up to the amount of any such taxes which would be payable to the state and city in which such Indemnitee 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), assessments or license fees and any charges, fines

or penalties in connection therewith (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 contemplated under the terms hereof or the Security Agreement or the Participation Agreement, 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 Item of Equipment or for the use or operation thereof or upon the earnings arising therefrom or upon any Indemnitee solely by reason of its interest with respect thereto and will keep at all times all and every part of such Item of Equipment free and clear of all Impositions which might in any way affect the interest of any Indemnitee therein or result in a lien upon any such Item of Equipment; provided, however, that the Lessee shall be under no obligation to pay any Impositions so long as it is contesting in good faith and by appropriate legal proceedings such Impositions and the nonpayment thereof does not, in the reasonable opinion of the Indemnitee, adversely affect the interest of such Indemnitee hereunder or under the Security Agreement. If any Impositions shall have been charged or levied against any Indemnitee directly and paid by such Indemnitee after such Indemnitee shall have given written notice thereof to the Lessee and the same shall have remained unpaid for a period of ten business days thereafter, the Lessee shall reimburse such Indemnitee on presentation of invoice therefor. Prior to making such payment, such Indemnitee shall promptly notify the Lessee of the Impositions charged or levied, and the Lessee shall have the opportunity to contest in good faith and by appropriate legal proceedings such Impositions, at its sole expense. Should the Trustor be required to include in its taxable income for Federal or state income tax purposes the amount of any Impositions paid by the Lessee hereunder, to the extent that the amount of Impositions is not deductible by the Trustor in the same income tax year, the Lessee shall indemnify the Trustor therefor by paying to the Trustor an amount equal to such additional Federal or state income tax liability plus such additional amount as is required to offset any of the Trustor's tax liability caused by such payment. In the event the Lessee has paid any Imposition pursuant to this Section 10.2 and in a subsequent tax year the Indemnitee shall receive a credit or deduction against its Federal or State income tax liability with respect to the payment of such Imposition, the Indemnitee shall refund to the Lessee an amount equal to the tax benefits attributable to such deduction or credit.

In the event any reports with respect to Impositions are required to be made on the basis of individual Items of Equipment, the Lessee will either prepare and file such reports in such manner as to show as required the interests of each Indemnitee in such Items of Equipment or, if it shall not be permitted to file the same, it will notify each Indemnitee of such reporting requirements, prepare such reports in such manner as shall be satisfactory to each Indemnitee and deliver the same to each Indemnitee within a reasonable period prior to the date the same is to be filed.

In the event that, during the continuance of this Lease, any Imposition accrues or becomes payable or is levied or assessed (or is attributable to the period of time during which this Lease is in existence) which the Lessee is or will be obligated to pay or reimburse pursuant to this Section 10.2, such liability shall continue, notwithstanding the expiration or termination of this Lease for any reason whatsoever, until all such Impositions are paid or reimbursed by the Lessee.

SECTION 11. INSURANCE; PAYMENT FOR CASUALTY OCCURRENCE.

11.1. Insurance. The Lessee agrees that it will at all times during the term of this Lease and during any return and storage period hereunder and at its own cost and expense keep each Item of Equipment insured against such risks and in such amounts as are customarily insured against by railroad companies, and in any event insured in the same manner and to the same extent that the Lessee insures other similar equipment which it owns or leases, and will maintain general public liability insurance with respect to the Equipment against damage because of bodily injury, including death, or damage to property of others, such insurance to afford protection to the limit of not less than \$20,000,000 in the aggregate in any single occurrence. Any such property insurance may have deductible provisions to no greater extent than \$2,000,000 in the aggregate in any single occurrence, and any public liability insurance may have deductible provisions to no greater extent than \$2,000,000 in the aggregate in any single occurrence. All such insurance shall name the Lessor, the Trustor and the Security Trustee as additional insureds and shall protect the Lessor, the Lessee, the Trustor and the Security Trustee in respective risks arising out of the condition, maintenance, use, ownership and operation of the Equipment and shall provide that losses, if any, in respect to the Equipment shall be payable to the Lessee, the Lessor, the Security Trustee and the Trustor as their respective interests may appear; provided, however, that upon receipt by the Lessee of notice of the assignment of this Lease and the rents and other sums payable hereunder pursuant to Section 16 hereof the Lessee shall cause the property insurance on the Equipment to provide that the losses, if any, shall be payable (except as provided below) to the Security Trustee under a standard mortgage loss payable clause satisfactory to the Lessor, the Lessee, the Trustor and the Security Trustee. All policies of insurance maintained pursuant to this Section shall provide that 30 days' prior written notice of cancellation shall be given to the Security Trustee, the Trustor and the Lessor, and that such insurance as to the interest of the Lessor, the Trustor or the Security Trustee therein shall not be invalidated by any act or neglect of the Lessee. The Lessee agrees that the Lessor, the Trustor and the Security Trustee shall not be held liable for insurance premium payments or deductible loss amounts under such policies. The loss, if any, shall be adjusted only with the approval of the Lessee, the Lessor, the Trustor and the Security Trustee. All such policies shall provide that the loss, if any, thereunder shall be adjusted and paid as provided in this Lease. The Lessee shall further furnish the Lessor, the Trustor

and the Security Trustee with certificates or other satisfactory evidence of maintenance of the insurance required hereunder and with respect to any renewal policy or policies shall furnish certificates evidencing such renewal prior to the expiration date of the original policy or policies. All insurance provided for in this Section shall be effective with insurance companies approved by the Lessor, the Trustor and the Security Trustee, which approval shall not be unreasonably withheld.

The proceeds of any property insurance received by the Lessor, the Trustor or the Security Trustee will be paid to the Lessee either (i) upon a written application signed by the Lessee for payment of, or to reimburse the Lessee for payment of, the costs of repairing, restoring, or replacing the Item of Equipment which has been lost, damaged or destroyed (which application shall be accompanied by satisfactory evidence of such cost and the completion of such repair, restoration or replacement) or (ii) if this Lease is terminated with respect to such Item of Equipment because of the destruction thereof promptly upon payment by the Lessee of the Casualty Value; provided that, if the Lessee is at the time of the application in default in the payment of any other liability of the Lessee to the Lessor hereunder, such proceeds may be applied against such liability.

11.2. Duty of Lessee to Notify Lessor. In the event that any Item of Equipment shall be or become lost, stolen, destroyed, or irreparably damaged during the term of this Lease or thereafter while such Item of Equipment is in the possession of the Lessee pursuant to Section 13 or 15 hereof, or title or use thereof shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease for a stated period which exceeds the then remaining term of this Lease (any such occurrence being hereinafter called a "Casualty Occurrence"), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor, any assignee thereof pursuant to Section 16 hereof (including, without limitation, each Note Purchaser) and the Trustor in regard thereto and shall pay the Casualty Value (as defined in Section 11.6 hereof) of such Item in accordance with the terms of Section 11.3 hereof.

11.3. Sum Payable for Casualty Loss. Except as provided in Section 13.2 hereof, the Lessee, on the next succeeding rent payment date set forth in Schedule C hereto following its knowledge of a Casualty Occurrence with respect to any Item or Items of Equipment, shall pay to the Lessor the Interim or Fixed Rental installment due on such payment date for such Item or Items of Equipment plus any rentals or other sums due on or prior to such date then remaining unpaid plus a sum equal to the Casualty Value of such Item or Items of Equipment as of the date of such payment.

11.4. Rent Termination. Upon (and not until) payment of all sums required to be paid pursuant to Section 11.3 hereof in respect of any Item or Items of Equipment, the obligation to pay rent for such Item or Items of Equipment accruing subsequent to the

Casualty Value payment date shall terminate, but the Lessee shall continue to pay rent for all other Items of Equipment.

11.5. Disposition of Equipment. The Lessee shall, as agent for the Lessor, dispose of such Item or Items of Equipment having suffered a Casualty Occurrence as soon as it is able to do so for the fair market value thereof. Any such disposition shall be on an "as-is", "where-is" basis without representation or warranty, express or implied. As to each separate Item of Equipment so disposed of, the Lessee may, so long as no Event of Default shall have occurred and be continuing hereunder, retain all amounts arising from such disposition plus any insurance proceeds and damages received by the Lessee by reason of such Casualty Occurrence plus any requisition or condemnation or awards up to the Casualty Value attributable thereto and actually paid by the Lessee as herein provided and shall remit the excess, if any, to the Lessor. In disposing of such Item of Equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such Item of Equipment.

11.6. Casualty Value. Except as provided in Section 13.2 hereof, the Casualty Value of each Item of Equipment shall be an amount determined as of the date the Casualty Value is paid as provided in this Section 11 (and not the date of the Casualty Occurrence) equal to that percentage of the Purchase Price (as defined in the Participation Agreement) of such Item of Equipment set forth in the Schedule of Casualty Value attached hereto as Schedule C opposite such date of payment; provided that, in no event shall the Casualty Value of any Item of Equipment be less than the Loan Value of such Item (determined in accordance with Section 4.1(b) of the Security Agreement).

11.7. Risk of Loss. The Lessee shall bear the risk of loss and, except as hereinabove in this Section 11 provided, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Item of Equipment from and after the date thereof and continuing until payment of the Casualty Value and all rental installments and other sums due on and prior to the date of payment of such Casualty Value in respect of such Item of Equipment has been made, such Item or the salvage thereof has been disposed of by the Lessee and the title to such Item or the salvage thereof and all risk of loss and liabilities incident to ownership have been transferred to the purchaser of such Item or the salvage thereof.

11.8. Eminent Domain. In the event that during the term of this Lease the use of any Item of Equipment is requisitioned or taken by any governmental authority under the power of eminent domain or otherwise for an indefinite period or for a stated period which does not exceed the term of this Lease, the Lessee's obligation to pay all installments of rental and other sums shall continue for the duration of such requisitioning or taking. The Lessee shall be entitled to receive and retain for its own account all sums payable

for any such period by such governmental authority as compensation for requisition or taking of possession. If at the end of the then current term of this Lease any Item of Equipment is then held by any governmental authority under the power of eminent domain or otherwise and this Lease shall not then be renewed pursuant to Section 18 hereof, from and after such date the Lessor shall be entitled to receive and retain all sums payable by such governmental authority as compensation for requisition or taking of possession.

SECTION 12. ANNUAL REPORTS.

12.1. Duty of Lessee to Furnish. On or before the first April 1 which occurs more than four months following the date of this Lease and annually thereafter, the Lessee will furnish to the Lessor, the Note Purchaser, the Security Trustee and the Trustor an accurate statement, as of the preceding December 31 (a) showing the amount, description and numbers of the Items of Equipment then leased hereunder, the amount, description and numbers of all Items of Equipment that may have suffered a Casualty Occurrence during the 12 months ending on such December 31 (or since the date of this Lease, in the case of the first such statement), and such other information regarding the condition or repair of the Equipment as the Lessor, the Trustor, the Security Trustee or any Note Purchaser may reasonably request, and (b) stating that all Items of Equipment then leased hereunder are covered by the insurance required to be maintained pursuant to Section 11.1 hereof (identifying the scope of all such coverage and the insurance carrier or carriers), and that, in the case of all Equipment repainted during the period covered by such statement, the markings required by Section 4.2 hereof shall have been preserved or replaced.

12.2. Lessor's Inspection Rights. The Lessor, the Note Purchaser, the Security Trustee and the Trustor each shall have the right, at their respective sole cost and expense, by their respective authorized representative, to inspect the Equipment and the Lessee's records with respect thereto, at such time as shall be reasonably necessary to confirm thereto the existence and proper maintenance of the Equipment during the continuance of this Lease.

SECTION 13. RETURN OF EQUIPMENT UPON EXPIRATION OF TERM OR EARLY TERMINATION.

13.1. Return upon Expiration of Term. Except as provided in Section 15 hereof with respect to return of Equipment upon an Event of Default, upon the expiration of the term of this Lease with respect to any Item of Equipment, the Lessee will, at its own cost and expense, deliver possession of such Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation, as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 180 days and transport the same at any time

within such 180-day period to any reasonable place on any railroad lines operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage by the Lessee during such 180-day period of each such Item is to be at the risk and expense of the Lessee and in the event any Item of Equipment shall suffer a Casualty Occurrence during any such period of movement and storage the Lessee shall pay the Lessor the Casualty Value therefor set forth in Section 11.6. During any such period of movement and storage the Lessee will continue to maintain the insurance coverage required pursuant to Section 11.1 hereof. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorize representative or representatives of any prospective purchaser of any such Item, 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 Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Each Item of Equipment returned to the Lessor pursuant to this Section 13.1 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any part, addition or improvement title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement title to which is vested in the Lessee pursuant to Section 8 hereof, and (iii) meet the applicable standards then in effect for such Item of Equipment under all governmental laws, regulations, requirements and rules (including, without limitation, rules of the United States Department of Transportation, the Interstate Commerce Commission and interchange rules or supplements thereto of the Association of American Railroads).

Until the earlier of (i) the date on which an Item of Equipment is assembled, delivered and stored as hereinabove provided or (ii) the 30th day after the date of the expiration of the term of this Lease, the Lessee shall pay the Lessor an amount per day equal to 0.032256% of the Purchase Price of each such Item. If any such Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the date of the expiration of the term of this Lease, the Lessee shall, in addition, pay the Lessor the greater of an amount per day equal to (i) 0.048384% of the Purchase Price of such Item from said 30th day to the date of its assembly, delivery or storage as hereinabove provided or (ii) all rental, per diem or other similar charges for the Equipment received therefor until such date of assembly, delivery and storage.

13.2. Return in Connection with Early Termination. In the event the Court shall enter an Early Termination Order, the Lessee will, at its own cost and expense, deliver possession of each Item of Equipment to the Lessor upon such storage tracks of the Lessee as the Lessor may designate, or in the absence of such designation,

as the Lessee may select, and permit the Lessor to store such Item of Equipment on such tracks for a period not exceeding 180 days and transport the same at any time within such 180-day period to any reasonable place on any railroad lines operated by the Lessee or to any connecting carrier for shipment, all as directed by the Lessor upon not less than 30 days' written notice to the Lessee. All movement and storage by the Lessee during such 180-day period of each such Item is to be at the risk and expense of the Lessee. During any such initial period of movement and storage the Lessee will continue to maintain the insurance coverage required pursuant to Section 11.1 hereof. If permitted by law, reasonably possible, and consented to by the Lessee, which consent shall not be unreasonably withheld, the Lessee shall, upon the request of the Lessor, continue to permit the Lessor, at its cost, risk (including without limitation for movement, storage, insurance and casualty occurrence) and expense to store such Items for an additional 180 days beyond such initial 180-day storage period. In such case, the Lessor shall pay in advance to the Lessee storage charges and, if desired during such period, charges for transportation by the Lessee, at such rates as shall be reasonable in the railroad industry. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Item, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents during such initial 180-day period for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

Each Item of Equipment returned to the Lessor pursuant to this Section 13.2 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any part, addition or improvement title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement title to which is vested in the Lessee pursuant to Section 8 hereof, and (iii) meet the applicable standards then in effect for such Item of Equipment under all governmental laws, regulations, requirements and rules (including, without limitation, rules of the United States Department of Transportation, the Interstate Commerce Commission and interchange rules or supplements thereto of the Association of American Railroads).

In the event any Item of Equipment shall suffer a Casualty Occurrence while being returned or stored during such initial 180-day period pursuant to this Section 13.2, the Lessee shall pay to the Lessor, on the payment date hereinafter provided, the sum of (i) an amount per day equal to 0.032256% of the Purchase Price for such Item of Equipment for the period from and including the rent payment date next preceding the effective date of the Early Termination Order to but not including such payment date and (ii) the Casualty Value of such Item of Equipment as of the rent payment date next preceding the effective date of the Early Termination Order. Such amounts shall be payable

on the first day of the calendar month next following the Lessee's knowledge of such Casualty Occurrence and such payment shall be in lieu of rental payments otherwise due pursuant to Section 2.1(b) hereof accruing after said next preceding rent payment date.

13.3. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as provided in Sections 13.1 and 13.2 hereof are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants (except the covenant as to storage during the possible additional 180-day storage period as provided in Section 13.2 hereof) of the Lessee so to assemble, deliver, store and transport the Equipment.

SECTION 14. DEFAULT.

14.1. Events of Default. Any of the following events shall constitute an Event of Default hereunder:

(a) Default shall be made in the payment of any part of the rental or Casualty Value provided in Section 2 or 11 hereof and such default shall continue for five business days;

(b) The Lessee or any Successor Company shall make or permit any unauthorized assignment or transfer of this Lease, or of possession of the Equipment, or any portion thereof;

(c) Default shall be made in the observance or performance of any of the covenants, conditions and agreements on the part of the Lessee or any Successor Company contained in Section 11.1 of this Lease;

(d) Default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee or any Successor Company contained herein or in the Purchase Order Assignment or in the Participation Agreement and such default shall continue for 30 days after written notice from the Lessor shall have been received by the Lessee pursuant to personal service thereof or by certified or registered mail, specifying the default and demanding the same to be remedied;

(e) Any representation or warranty made by the Lessee herein or in the Purchase Order Assignment or in the Participation Agreement or in any statement or certificate furnished to the Lessor, the Trustor, the Security Trustee or any Note Purchaser pursuant to or in connection with this Lease, the

Participation Agreement or the Purchase Order Assignment is untrue in any material respect as of the date of issuance or making thereof;

(f) Any term or provision of this Lease is revised, modified, amended, terminated or superseded in any material respect in connection with the Reorganization Proceedings;

(g) A plan of reorganization is adopted in connection with the Reorganization Proceedings which does not provide for the assumption of this Lease by a Successor Company either in accordance with such plan or in accordance with an assignment of this Lease pursuant to Section 17 hereof;

(h) A plan of reorganization is adopted which subordinates the obligations under this Lease to the obligation of the Successor Company under any other equipment obligation or affords any other equipment obligation of the Successor Company any priority in right of payment or otherwise over the Lessee's obligations under this Lease and the rights of the Lessor or any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee);

(i) The Court shall dismiss the Reorganization Proceedings without any plan of reorganization having been adopted in connection therewith and, prior to or in connection with such dismissal, this Lease shall not have been terminated pursuant to clause (b) of Section 3 hereof or assigned to a Successor Company pursuant to Section 17 hereof;

(j) A petition for reorganization under the Bankruptcy Act, as now constituted or as hereafter amended, shall be filed by or against any Successor Company, and all the obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to the obligations incurred by such trustee or trustees within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier;

(k) Any other proceedings shall be commenced by or against the Successor Company for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the indebtedness payable hereunder) and all the

obligations of the Lessee under this Lease shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Successor Company or for the property of the Successor Company in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier;

(l) Any of the Lessee's obligations hereunder accrued and not paid (including any claims for damages hereunder) during the pendency of the Reorganization Proceedings shall not be accorded priority for expenses of administration in the Reorganization Proceedings or the order of the Court entered in the Reorganization Proceedings authorizing the execution and delivery of this Lease shall otherwise not be effected in accordance with its terms or be revised, modified, amended, terminated or superseded in any respect (other than a termination of this Lease pursuant to the Early Termination Order) which would involve the possibility of materially and adversely affecting the rights, powers, privileges or remedies of the Lessor or any assignee thereof pursuant to Section 16 hereof (including, without limitation, the Security Trustee) under this Lease; or

(m) Any Successor Company shall be in default under any material obligation for the payment of borrowed money or for the deferred purchase price of, or for the payment of any rent under any lease agreement covering real or personal property required for the continued operation of the Successor Company, and all remedies in respect of such default shall not then be stayed pursuant to the terms of the contract governing such obligations.

The term "Successor Company" as used in this Lease shall mean any assignee of the Lessee's interest in and obligations under the Lease pursuant to Section 17.3 hereof. In the event that the Lessee's interests in and obligations under the Lease are assigned to a Successor Company prior to the adoption of a plan of reorganization or, if no reorganization plan is adopted, prior to the dismissal of the Reorganization Proceedings, the provisions of this Section 14.1 relating to events in the Reorganization Proceedings shall become null and void as of the date of such assignment.

14.2. Remedies. If any Event of Default has occurred and is continuing, the Lessor or, in the event this Lease shall be assigned to an assignee pursuant to Section 16 hereof, such assignee, 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 reasonable attorneys' fees; or

(b) By notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor or such assignee, as the case may be, may by its agents enter upon the premises of the Lessee or other premises where any of the Equipment may be located and take possession of all or any of the Items of Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use such Items for any purpose whatever, but the Lessor, or such assignee, as the case may be, shall nevertheless have a right to recover from the Lessee any and all amounts 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 (i) as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor or such assignee, as the case may be, in its sole discretion, shall specify: (x) a sum with respect to each Item of Equipment which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then Fair Rental Value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor or such assignee, as the case may be, reasonably estimates to be obtainable for the use of such Item during such period, such present worth to be computed in each case on a basis of a 5% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, or (y) an amount equal to the excess of any of the Casualty Value of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the amount the Lessor or such assignee, as the case may be, reasonably estimates to be the Fair Market Value thereof at such time; provided, however, that in the event the Lessor or such assignee,

as the case may be, shall have sold any Item of Equipment, such party, in lieu of collecting any amounts payable thereto by the Lessee pursuant to the preceding clauses (x) and (y) of this part (i) with respect thereto may, if it shall so elect, demand that the Lessee pay such party and the Lessee shall pay to such party, 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 of such Item of Equipment as of the rent payment date on or immediately preceding the date of termination over the net proceeds of such sale, and (ii) any damages and expenses, other than for a failure to pay rental, in addition thereto, including reasonable attorneys' fees, which the Lessor or such assignee, as the case may be, shall have sustained by reason of the breach of any covenant or covenants of this Lease other than for the payment of rental.

For purposes of Section 14.2 above, the Fair Rental Value for any Item of Equipment shall be determined on the basis of, and shall be equal in amount to, the value which would obtain in an arm's-length transaction regarding a lease, containing terms and conditions substantially similar to those of this Lease, between an informed and willing lessee (other than a lessee currently in possession) and an informed and willing lessor under no compulsion to lease. If the Lessor and the Lessee are unable to agree upon a determination of the Fair Rental Value of such Item of Equipment, such value shall be determined in accordance with the foregoing definition by a qualified independent Appraiser. The term "Appraiser" shall mean two independent appraisers, one chosen by the Lessor and one chosen by the Lessee, or if such appraisers cannot agree on the amount of such value, determined on the basis of an appraisal made by a third appraiser chosen by the American Arbitration Association. The Appraiser shall be instructed to make such determination within a period of 30 days following appointment, and shall promptly communicate such determination in writing to the Lessor and the Lessee. The determination so made shall be conclusively binding upon both the Lessor and the Lessee. The expenses and fees of the Appraiser shall be borne by the Lessee. The Fair Market Value for any Item of Equipment shall be determined in a similar manner with appropriate adjustments for sale rather than rental, with any appraisal expenses to be borne by the Lessee; provided that any sale in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Market Value of such Item and any rental in a commercially reasonable manner of any Item of Equipment prior to any such determination shall conclusively establish the Fair Rental Value of such Item.

14.3. Cumulative Remedies. The remedies in this Lease provided in favor of the Lessor or any assignee pursuant to Section 16 hereof, as the case may be, 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. The 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. The Lessee hereby waives any and all existing or future claims of any right to assert any offset against the rent payments due hereunder, and agrees to make the rent payments regardless of any offset or claim which may be asserted by the Lessee on its behalf in connection with the lease of the Equipment.

14.4. Failure to Exercise Rights. The failure of the Lessor or any assignee, pursuant to Section 16 hereof as the case may be, to exercise the rights granted it hereunder upon any 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.

14.5. Notice of Event of Default. The Lessee also agrees to furnish to the Lessor, each Note Purchaser, the Security Trustee and the Trustor, promptly upon any responsible officer becoming aware of any condition which constituted or constitutes an Event of Default under this Lease or which, after notice or lapse of time, or both, would constitute such an Event of Default, written notice specifying such condition and the nature and status thereof and indicating the intention or expectation of the Lessee as to the disposition thereof. For the purposes of this Section 14.5 a "responsible officer" shall mean, with respect to the subject matter of any covenant, agreement or obligation of the Lessee in this Lease contained, any officer of the Lessee or any Successor Company who, in the normal performance of his operational responsibilities, would have knowledge of such matter and the requirements of this Lease with respect thereto.

SECTION 15. RETURN OF EQUIPMENT UPON DEFAULT.

15.1. Lessee's Duty to Return. If the Lessor or any assignee of the Lessor pursuant to Section 16 hereof (including, without limitation, the Security Trustee) shall terminate this Lease pursuant to Section 14 hereof, the Lessee shall forthwith deliver possession of the Equipment to the Lessor. For the purpose of delivering possession of any Item of Equipment to the Lessor as above required, the Lessee shall at its own cost, expense and risk (except as hereinafter stated):

(a) Forthwith place such Equipment in such reasonable storage place on the Lessee's lines of railroad as the Lessor may designate or, in the absence of such designation, as the Lessee may select;

(b) Permit the Lessor to store such Equipment in such reasonable storage place on the Lessee's lines of railroad without charge for insurance,

rent or storage until such Equipment has been sold, leased or otherwise disposed of by the Lessor; and

(c) Transport the Equipment to any place on the lines of railroad operated by the Lessee or to any connecting carrier for shipment, all as the Lessor may direct in writing.

Each Item of Equipment returned to the Lessor pursuant to this Section 15 shall (i) be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted, (ii) have attached or affixed thereto any part, addition or improvement title to which is vested in the Lessor pursuant to Section 7 or Section 8 hereof and have removed therefrom, at the expense of the Lessee, any readily removable addition or improvement title to which is vested in the Lessee pursuant to Section 8 hereof, and (iii) meet the applicable standards then in effect for such Item of Equipment under all governmental laws, regulations, requirements and rules (including, without limitation, rules of the United States Department of Transportation, the Interstate Commerce Commission and interchange rules or supplements thereto of the Association of American Railroads).

Until the earlier of (i) the date on which an Item of Equipment is assembled, delivered and stored as hereinabove provided or (ii) the 30th day after the date of the termination of this Lease pursuant to Section 14 hereof, the Lessee shall pay the Lessor an amount per day equal to 0.032256% of the Purchase Price of each such Item. If any such Item of Equipment is not assembled, delivered and stored as hereinabove provided within 30 days after the termination of this Lease pursuant to Section 14 hereof, the Lessee shall, in addition, pay the Lessor the greater of an amount per day equal to (i) 0.048384% of the Purchase Price of such Item from said 30th day to the date of its assembly, delivery or storage as hereinabove provided or (ii) all rental, per diem or other similar charges for the Equipment received therefor until such date of assembly, delivery and storage.

15.2. Specific Performance. The assembling, delivery, storage and transporting of the Equipment as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver, store and transport the Equipment.

15.3. Lessor Appointed Lessee's Agent. Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, but without the obligation, at any time while the Lessee is obligated to deliver possession of any Items of Equipment to the Lessor, to demand and take possession of such Item in the name and on behalf of the Lessee from whomsoever shall be at the time in possession of such Item.

SECTION 16. ASSIGNMENTS BY LESSOR.

This Lease and all rent and all other sums due or to become due hereunder may be assigned in whole or in part by the Lessor without the consent of the Lessee, but the Lessee shall be under no obligation to any assignee of the Lessor, except upon written notice of such assignment from the Lessor received by the Lessee by personal service or by certified or registered mail. Upon notice to the Lessee of any such assignment, the rent and other sums payable by the Lessee which are the subject matter of the assignment shall be paid to or upon the written order of such assignee. Without limiting the foregoing, the Lessee further acknowledges and agrees that (i) the rights of any such assignee in and to the sums payable by the Lessee under any provision of this Lease shall not be subject to any abatement whatsoever and shall not be subject to any defense, setoff, counterclaim or recoupment whatsoever whether by reason of failure of or defect in the Lessor's title, or any interruption from whatsoever cause in the use, operation or possession of the Equipment or any part thereof, or any damage to or loss or destruction of the Equipment or any part thereof, or by reason of any other indebtedness or liability, howsoever and whenever arising, of the Lessor to the Lessee or to any other person, firm or corporation or to any governmental authority or for any cause whatsoever, it being the intent hereof that, except in the event of a wrongful act on the part of such assignee, the Lessee shall be unconditionally and absolutely obligated to pay such assignee all of the rents and other sums from time to time due under this Lease which are the subject matter of the assignment, (ii) said assignee, shall, if an Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, have the sole right to exercise all rights, privileges and remedies (either in its own name or in the name of the Lessor for the use and benefit of said assignee) which by the terms of this Lease are permitted or provided to be exercised by the Lessor (except those rights, privileges and remedies relating to amounts payable to the Lessor pursuant to Sections 6, 10.2, 11.1 [with respect to public liability insurance] and 21.2 hereof which shall remain enforceable by the Lessor), but if no Event of Default or event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, said assignee and the Lessor may each exercise their respective rights, privileges and remedies stated in this Lease to be provided for their respective benefits, and (iii) all obligations of the Lessor to the Lessee under this Lease shall be and remain enforceable by the Lessee against, and only against, the Lessor.

SECTION 17. ASSIGNMENTS BY LESSEE; USE AND POSSESSION.

17.1. Lessee's Rights to the Equipment. So long as no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall be entitled

to the possession and use of the Equipment in accordance with the terms of this Lease, but, without the prior written consent of the Lessor, and, in the event this Lease has been assigned to an assignee pursuant to Section 16 hereof, such assignee, the Lessee shall not assign, transfer or encumber its interest under this Lease in any of the Equipment except as to any liens or encumbrances upon its leasehold estate hereunder or to the extent permitted by the provisions of this Section 17. The Lessee shall not, without the prior written consent of the Lessor, and, in the event this Lease has been assigned to an assignee pursuant to Section 16 hereof, such assignee, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Equipment, except to the extent permitted by the provisions of this Section 17.

17.2. Use and Possession on Lines Other Than Lessee's Own. So long as the Lessee shall not be in default under this Lease, the Lessee shall be entitled to the possession of the Equipment and to the use thereof upon the lines of railroad owned or operated by it (either alone or jointly) or by any corporation, a majority of whose voting stock (i.e., having ordinary voting power for the election of a majority of its Board of Directors) is owned directly or indirectly by the Lessee, or upon lines of railroad over which the Lessee or such corporation has trackage or other operating rights or over which equipment of the Lessee is regularly operated pursuant to contract and also to permit the use of any Item of Equipment 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. The Lessee may receive and retain compensation for such permitted use of Items of Equipment by such permitted users. Notwithstanding the foregoing, the Lessee shall at no time throughout the term of this Lease assign any Item of Equipment to service (including, without limitation, the regular operation or maintenance thereof) outside the continental United States. The Lessee further agrees that, anything in this Section 17.2 to the contrary notwithstanding, the use of the Equipment outside the continental United States shall be de minimus. No assignment or sublease entered into by the Lessee hereunder shall relieve the Lessee of any liability or obligation hereunder which shall be and remain those of a principal and not a surety.

17.3. Merger, Consolidation or Acquisition of Lessee; Assignment by Lessee to Certain Permitted Railroads. Nothing in this Section 17 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Equipment or possession of the Equipment to (i) any corporation into or with which the Lessee shall have become merged or consolidated or which shall have acquired or leased all or substantially all of the lines of railroad of the Lessee, provided that such assignees, successors or transferees shall have duly assumed the obligations of the Lessee hereunder and that they will not, upon the effectiveness of such merger or consolidation or acquisition of properties and the assumption of such obligations, be in default under any provision of this Lease and that such merger or consolidation or acquisition

of properties shall not alter in any way the Lessee's obligations to the Lessor hereunder which shall be and remain those of a principal and not a guarantor, (ii) any railroad corporation organized under the laws of the United States or any state thereof which, at the time such assignment or transfer thereto shall become effective (1) qualifies as a class I railroad under the rules and regulations of the Interstate Commerce Commission, and (2) has outstanding at such time equipment obligations rated "A" (or the equivalent thereof) or better by Moody's Investors Service or Standard & Poor's Corporation or a successor thereto, which rating shall have been provided thereby during the year preceding such assignment or transfer either in connection with a sale of equipment obligations or by a private letter; provided that the right of assignment and transfer set forth in this clause (ii) will not result in a default by the assuming or transferee railroad under any instrument or agreement to which it is a party, and may be exercised only by Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor, or a successor trustee under the Reorganization Proceedings, and (iii) any corporation which assumes the Lessee's interests in and obligations under this Lease pursuant to a plan of reorganization adopted in the Reorganization Proceedings. Upon the due assumption of the obligations of the Lessee hereunder by any permitted party, as aforesaid, Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor, shall be relieved of all obligations to pay rental hereunder accruing from and after the date of such assignment or transfer and all other such obligations hereunder as shall arise after said date of assignment or transfer.

SECTION 18. RIGHT OF FIRST REFUSAL; RENEWAL OPTION.

18.1. Right of First Refusal. Unless an Event of Default, or any event which with the lapse of time or giving of notice, or both, would constitute an Event of Default, shall have occurred and be continuing, the Lessor shall not, for a period of 18 months after the end of the original term of this Lease (or, if the Lessee has renewed this Lease pursuant to Section 18.2 hereof, for a period of 18 months after the end of such renewal term) sell, transfer or otherwise dispose of any Item of Equipment unless:

(a) the Lessor shall have received from a responsible purchaser or purchasers a bona fide offer or offers in writing to purchase such Item of Equipment;

(b) the Lessor shall have given the Lessee notice (i) setting forth in detail the identity of such purchaser or purchasers, the proposed purchase price or prices, the proposed date of purchase and all other material terms and conditions of such purchase, including, without limitation, any arrangements for the financing of such purchase known to the Lessor, and (ii) offering to sell such Item to the Lessee upon the same terms and conditions as those set forth in such notice; and

(c) the Lessee shall not have notified the Lessor, within 15 days following receipt of such notice, of its election to purchase such Item upon such terms and conditions.

If the Lessee shall not have so elected to purchase such Item, the Lessor may sell such Item at a price and upon other terms and conditions no less favorable to the Lessor than those specified in such notice. Notwithstanding the foregoing provisions of this Section 18.1, the Lessor may, if the Lessee has not renewed this Lease pursuant to Section 18.2 hereof, lease the Equipment at any time after the end of the original term of this Lease (or, if the Lessee has renewed this Lease for the renewal term pursuant to Section 18.2 hereof, at the end of such renewal term) without first offering to lease the Equipment to the Lessee.

18.2. Renewal Option. Provided that no Event of Default, or any event which with the lapse of time or the giving of notice, or both, would constitute such an Event of Default, shall have occurred and be continuing, the Lessee shall have the option to renew and extend this Lease as to all, but not less than all, of the Items of Equipment then leased hereunder for one additional renewal term of five years upon and subject to the terms and conditions herein contained for the original term of this Lease; provided that the Fixed Rental payable for and during any such renewal term shall be payable quarterly in arrears in an amount equal to 1.4515% of the Purchase Price in respect of each Item of Equipment then subject to this Lease. Such renewal term shall commence immediately upon the expiration of the preceding term. The Lessee shall give the Lessor written notice of any such election 180 days prior to the commencement of such renewal term provided for in this Section 18.2.

18.3. Delivery of Equipment. Unless the Lessee has elected to purchase the Items of Equipment then leased hereunder or to renew this Lease in respect of such Items of Equipment as provided in this Section 18, all of such Items of Equipment shall be returned to the Lessor at the end of the original term, or the then current renewal term, as the case may be, in accordance with Section 13.1 hereof.

SECTION 19. INTEREST ON OVERDUE RENTALS.

Anything to the contrary herein contained notwithstanding, any nonpayment of rent due hereunder shall result in the additional obligation on the part of the Lessee to pay also an amount equal to 12% per annum (or the highest lawful rate, whichever is less) on the overdue rentals for the period of time during which they are overdue.

SECTION 20. LIMITATIONS OF LIABILITY

It is expressly understood and agreed by and between the Lessor and the Lessee and their respective successors and assigns

that this Lease is executed by The Connecticut Bank and Trust Company, not individually or personally but solely as Trustee under the Trust Agreement in the exercise of the power and authority conferred and vested in it as such Trustee, that each and all of the representations, warranties, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal representations, warranties, undertakings and agreements by The Connecticut Bank and Trust Company or the Trustor, or for the purpose or with the intention of binding The Connecticut Bank and Trust Company or the Trustor personally, but are made and intended for the purpose of binding only the Trust Estate as defined in the Trust Agreement, that this Lease is executed and delivered by The Connecticut Bank and Trust Company solely in the exercise of the powers expressly conferred upon The Connecticut Bank and Trust Company as Trustee under the Trust Agreement, that actions taken by the Lessor pursuant to its obligations hereunder may, in certain instances, be taken by the Lessor only upon specific authority of the Trustor, that nothing herein contained shall be construed as creating any liability on The Connecticut Bank and Trust Company or the Trustor, individually or personally, or any incorporator or any past, present or future subscriber to the capital stock of, or stockholder, officer or director of, The Connecticut Bank and Trust Company or the Trustor, to perform any covenant either express or implied contained herein, all such liability, if any, being expressly waived by the Lessee and by each and every person now or hereafter claiming by, through or under the Lessee, and that so far as The Connecticut Bank and Trust Company or the Trustor, individually or personally is concerned, the Lessee and any person claiming by, through or under the Lessee shall look solely to the Trust Estate as defined in the Trust Agreement for the performance of any obligation under this Lease; provided that nothing in this Section 20 shall be construed to limit in scope or substance those representations and warranties, if any, of The Connecticut Bank and Trust Company made expressly in its individual capacity set forth in the Participation Agreement and the Security Agreement. The term "Lessor" as used in this Lease shall include any trustee succeeding The Connecticut Bank and Trust Company as Trustee under the Trust Agreement or the Trustor if the trust created thereby is revoked. Any obligation of the Lessor hereunder may be performed by the Trustor, and any such performance shall not be construed as revocation of the trust created by the Trust Agreement. Nothing contained in this Lease shall restrict the operation of the provisions of the Trust Agreement with respect to its revocation or the resignation or removal of the Trustee thereunder.

SECTION 21. FEDERAL INCOME TAX INDEMNIFICATION.

21.1. Intended Tax Benefits. This Lease has been entered into on the basis that the Trustor shall be entitled to such deductions, credits and other benefits as are provided under applicable Federal, State and local laws to an owner of property including, without limitation:

(i) the investment tax credit (the "Investment Credit") allowed by section 38 and related sections of the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), in an amount equal to 10% the Purchase Price of each Item of Equipment, such Investment Credit to be available to the Trustor for its stated taxable year ending June 30, 1979;

(ii) deductions for depreciation (the "Depreciation Deduction") on each Item of Equipment using the half-year convention and computed on the basis of the double-declining balance method of depreciation authorized by section 167(b)(2) of the Code, switching to the sum-of-the-years-digits method of depreciation authorized by section 167(b)(3) of the Code when most beneficial to the Trustor and without obtaining the prior consent of the Commissioner of Internal Revenue, over an asset depreciation period of 12 years, to a net salvage value of zero after the reduction permitted by section 167(f)(1) of the Code, based on the assumption that each Item of Equipment is placed in service on the date on which it is accepted by the Lessee on behalf of the Lessor, but not later than June 30, 1979;

(iii) the deduction under section 163 of the Code (the "Interest Deduction") in the full amount of any interest paid or accrued on the Notes issued by the Trustee, such interest to be deductible in the year in which paid if paid pursuant to the terms of the Notes; and

(iv) each item of income or deduction with respect to this Lease and the Equipment will be treated as income or deduction from a United States source.

21.2. Federal Income Tax Indemnification. If the Trustor shall lose, shall not have or shall lose the right to claim, or if there shall be disallowed or recaptured with respect to the Trustor, all or any portion of the Investment Credit, the Interest Deduction or the Depreciation Deduction as is provided to an owner of property with respect to an Item of Equipment ("Loss"), including any such Loss resulting from a change in Federal income tax law which occurs prior to the acceptance of any Item of Equipment hereunder (including changes in applicable federal statutes and judicial decisions), then the obligation of the Lessee to indemnify the Trustor for such Loss shall be deemed to have accrued at the time such Loss occurs and (i) in the event the Lease has not been terminated prior to the Loss pursuant to an Early Termination Order, the rentals for such Item of Equipment payable pursuant to Section 2.1 hereof shall, on and after the next succeeding rental payment date, after written notice to the Lessee by the Trustor that a Loss has occurred, be increased by such amount for such Item which will cause the Trustor's net after-tax return on and rate of recovery of investment and the annual net

cash flows over the entire term of the Lease in respect of such Item to equal the net after-tax return on and rate of recovery of investment and the annual net cash flows that would have been realized by the Trustor if the Trustor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction or the Depreciation Deduction with respect to such Item, and (ii) in the event that the Lease is terminated pursuant to an Early Termination Order after a Loss has occurred, the Lessee will pay to the Trustor with respect to such a Loss occurring prior to the Early Termination Order and in lieu of any such increased rental payments (A) such sum as will compensate the Trustor for the Loss on a net after-tax basis, plus (B) an amount sufficient to enable the Trustor to preserve its net after-tax return on and rate of recovery of investment and the annual net cash flows, as reasonably calculated by the Trustor, from the commencement of the term of the Lease to the Early Termination Date, less (C) such sums as have theretofore been paid to the Lessor in respect of such Loss; provided, however, that, in the event of any Loss of the Investment Credit, the Lessee may, in lieu of making the increased rental payments as hereinabove provided, at its option, pay to the Trustor, on the next succeeding rental payment date after written notice to the Lessee by the Trustor that such a Loss has occurred, a single payment in an amount as shall, in the reasonable opinion of the Trustor and as agreed to by the Lessee, cause the Trustor's net after-tax return on and rate of recovery of investment to equal the net after-tax return which would have been realized by the Trustor if such Loss had not occurred. If such Loss occurs after the last rental payment date, the Trustor shall notify the Lessee in writing of such Loss and the Lessee shall, within 30 days after such notice, pay to the Lessor such sum as will, in the reasonable opinion of the Trustor, cause the Trustor's net after-tax return on and rate of recovery of investment over the term of the Lease in respect of such Item to equal the net after-tax return and annual cash flows that would have been realized by the Trustor if the Trustor had been entitled to the utilization of all of the Investment Credit, the Interest Deduction and the Depreciation Deduction with respect to such Item. In the case of any payment hereunder, the Lessee shall forthwith pay to the Lessor the amount of any interest and/or penalties which may be assessed by the United States or any state against the Trustor attributable to the Loss. It is specifically agreed that the amounts payable hereunder will include the amount required to offset any of Trustor's tax liability caused by such payment.

For purposes of this Section 21, a Loss shall occur upon the earliest of (1) the happening of any event (such as a disposition or change in the use of any Item of Equipment) which may cause such Loss, (2) the payment by the Trustor to the Internal Revenue Service of the tax increase resulting from such Loss, or (3) the assessment

against the Trustor by the Internal Revenue Service of a deficiency which reflects such Loss. With respect to any Item of Equipment, the Trustor shall be responsive for, and there shall not be required a payment under this Section 21 on account of, any Loss due to one or more of the following events: (i) a disqualifying disposition due to sale of such Item of Equipment or the lease thereof by the Trustor prior to any default by the Lessee, or (ii) any disposition or reletting of an Item of Equipment by the Trustor after an Early Termination of this Lease, or (iii) a failure of the Trustor to timely or properly claim the Investment Credit, the Interest Deduction or the Depreciation Deduction for such Item of Equipment in the tax return of the Trustor, or (iv) any failure of the trust created by the Trust Agreement to be deemed a grantor trust under the Code or any failure of the Trustor to be treated as the grantor of the trust, or (v) a disqualifying change in the nature of the Trustor's business or liquidation thereof, or a disposition by the Trustor of its Beneficial Interest in the Trust Estate (as such terms are defined in the Participation Agreement) prior to any default by the Lessee, or (vi) a foreclosure by any party claimed through the Lessor of a lien on such Item of Equipment, which foreclosure results solely from an act of the Trustor, or (vii) any event which by the terms of this Lease requires payment by the Lessee of the Casualty Value of such Item, if such Casualty Value is thereafter actually paid by the Lessee, to the extent that such payment reimburses the Trustor for amounts otherwise payable by the Lessee pursuant to this Section 21, or (viii) the failure of the Trustor to have sufficient liability for tax against which to apply such Investment Credit or taxable income against which to apply such Depreciation Deduction or Interest Deduction or (ix) any limitation on the deductibility of any component of the Interest Deduction or Depreciation Deduction imposed by Section 465 of the Code, as amended by the Revenue Act of 1978.

21.3. Capital Expenditures Indemnification. In the event and to the extent that the cost or value of any improvement and/or addition (hereinafter called "Capital Expenditures") to any Item of Equipment made by the Lessee, under and pursuant to the terms of Sections 7 and 8 of this Lease or otherwise, is required to be included in the gross income of the Trustor for Federal income tax purposes at any time prior to the time such Item of Equipment is disposed of in a taxable transaction (any such inclusion being hereinafter referred to as an "Inclusion"), then the obligation of the Lessee to indemnify the Trustor for such Inclusion shall be deemed to have accrued at the time such Capital Expenditure is made and (i) in the event the Lease has not been terminated prior to the Inclusion pursuant to an Early Termination Order, the rental for such Item of Equipment shall, on the next succeeding rental payment date, be adjusted by such amount for such Item of Equipment which will cause the Trustor's net after-tax return on and rate of recovery of investment and the annual net cash flows over the term of this

Lease in respect to such Item of Equipment to equal the net after-tax return on and rate of recovery of investment and the annual net cash flows that would have been realized by the Trustor if said Inclusion had not been required, and (ii) in the event that the Lease is terminated pursuant to an Early Termination Order after such a Capital Expenditure is made, the Lessee will pay to the Trustor with respect to such a Capital Expenditure made prior to the Early Termination Order and in lieu of any such increased rental payments (A) such sum as will compensate the Trustor for the Inclusion on a net after-tax basis, plus (B) an amount sufficient to enable the Trustor to preserve its net after-tax return on and rate of recovery of investment and the annual net cash flows, as reasonably calculated by Trustor, from the commencement of the term of the Lease to the Early Termination Date, less (C) such sums as have theretofore been paid to the Lessor in respect of such Inclusion. The Lessee shall, within 30 days after the close of any calendar year (or in the event the Trustor gives the Lessee written notice that the Trustor'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 any Capital Expenditures, give written notice thereof to the Trustor describing such Capital Expenditures in reasonable detail and specifying the cost and value thereof.

21.4. Settlement of Disputed Payment. In the event of disagreement between the Trustor and the Lessee as to any payment due under this Section 21, it is agreed that the Trustor, the Lessor and the Lessee will submit the calculation of such payments to one of the eight largest public accounting firms in the United States, chosen by mutual agreement or, in the absence of agreement, to Arthur Andersen & Co., and such firm shall perform the calculation which will be binding on all parties. Costs incurred by either party in respect to such submission shall be paid for by the Lessee.

21.5. Right of Contest. If a claim shall be made by the Internal Revenue Service with respect to the income tax liability of the Trustor which, if successful, would under this Section 21 lead to an increase in one or more rental payments by the Lessee or a lump payment by the Lessee, the Trustor (as a pre-condition to receiving any such payments) shall give prompt notice of such claim to the Lessee and the Trustor shall take such action to contest such claim as the Lessee shall reasonably request in writing from time to time, provided that within 8 days after Lessee's actual receipt of said notice by the Trustor of such proposed adjustment, the Lessee shall request that such adjustment be contested; and further provided that an Event of Default shall not be continuing under this Lease (including, without limitation, any failure to make any payments when due under this Section 21). For purposes of this paragraph, "prompt notice" shall mean written notice to the Lessee which is actually received not less than 15 days before the expiration of the

time period for initiating a contest of such claim. The Trustor may in its discretion forego any administrative appeal with the Internal Revenue Service in respect of such claim and may, at its option, either pay the tax claimed and sue for refund in the appropriate United States District Court or in the United States Court of Claims, as it may elect, or contest such claim in the United States Tax Court, considering, however, in good faith such request as the Lessee may make concerning the most appropriate forum in which to proceed; provided, however, that the final decision as to selection of the forum shall be solely that of the Trustor. If the Trustor pays the tax claimed and sues for refund, increased rental payments by the Lessee shall be required so as to maintain the net after-tax return on and rate of recovery of investment and the annual net cash flows of the Trustor in the manner and to the extent provided in this Section 21, and the Lessee shall forthwith pay to the Trustor the amount of any interest and/or penalty assessed against the Trustor with respect to such additional income tax in addition to its obligations under Section 21.2 hereof. If the Trustor receives a refund as a result of making such claim, the Trustor shall forthwith pay to the Lessee any interest thereon paid by the taxing jurisdiction together with the appropriate amount of any interest and/or penalty payments which should not have been assessed against and paid by the Lessee to the Trustor pursuant to the preceding sentence, and the payments of the Lessee with respect to such claim shall, beginning with the next rental payment due after receipt by the Trustor of such refund, be decreased to such amount or amounts as shall, in the reasonable opinion of the Trustor and agreed to by the Lessee, cause the Trustor's net after-tax return on and rate of recovery of investment and the annual cash flows over the term of this Lease to equal the net after-tax return on and rate of recovery of investment and the annual cash flows that would have been realized by it if additional income taxes in the amount refunded had not been paid but not below the amounts required to satisfy payment of the principal and interest on the Notes and the other obligations of the Trustee under the Security Agreement. Any such contest shall be at the sole expense of the Lessee and the Lessee agrees to pay to the Trustor on demand any expense incurred by the Trustor in connection with such contest; and the Trustor shall have no obligation to continue such contest in the event the Lessee fails to make such payment within 10 days after written demand.

21.6. Survival. All of the Trustor's rights and privileges arising from the indemnities contained in this Section 21 shall survive the expiration or other termination of this Lease with respect to any or all Items of Equipment and such indemnities are expressly made for the benefit of, and shall, subject to the rights of the Security Trustee under the Security Agreement, be enforceable by, the Trustor, its successors and assigns. All of the Lessee's rights and privileges contained in this Section 21 shall survive the expiration or other termination of the Lease with respect to any or all Items of Equipment and such rights and privileges shall be enforceable by the Lessee, its successors and assigns.

SECTION 22. MISCELLANEOUS.

22.1. Notices. Any notice required or permitted to be given by either party hereto to the other shall be deemed to have been given, except where actual receipt thereof is required pursuant to Section 14 or Section 16 of this Lease, when deposited in the United States certified mails, first class, postage prepaid, addressed as follows:

If to the Lessor: The Connecticut Bank and Trust
 Company
 One Constitution Plaza
 Hartford, Connecticut 06115
 Attention: Corporate Trust Department

If to the Trustor: Steiner Sea, Air & Rail Co.
 One Market Plaza, Suite 2510
 San Francisco, California 94105
 Attention: President

If to the Lessee: Stanley E.G. Hillman, Trustee of the
 Property of Chicago, Milwaukee, St.
 Paul and Pacific Railroad Company,
 Debtor
 516 West Jackson Boulevard
 874 Union Station Building
 Chicago, Illinois 60606
 Attention: Vice President - Finance

If to the Security
 Trustee: First Security Bank of Utah, N.A.
 79 South Main Street
 Salt Lake City, Utah 84111
 Attention: Trust Department
 Corporate Trust Division

If to the Note
 Purchasers: At the addresses provided in Schedule
 2 to the Participation Agreement.

or addressed to any such party at such other address as such party shall hereafter furnish to such other parties in writing.

22.2. Right of Lessor to Perform. If the Lessee shall fail to comply with any of its covenants herein contained, either the Lessor or, in the case of an assignment by the Lessor pursuant to Section 16 hereof, the assignee thereunder may, but shall not be obligated to, make advances to perform the same and to take all such action as may be necessary to obtain such performance. Any payment

so made by any such party and all cost and expense (including, without limitation, reasonable attorneys' fees and expenses) incurred in connection therewith shall be payable by the Lessee to the party making the same upon demand as additional rent hereunder, with interest at the rate of 12% per annum, or the highest lawful rate, whichever is less.

22.3. Representations and Warranties of Lessee. The Lessee represents and warrants to the Lessor, the Trustor, the Security Trustee and each Note Purchaser as follows:

(a) Stanley E.G. Hillman has been duly appointed and is validly acting as Trustee of the Property of Milwaukee Road, and, subject to future continuation of his power and authority by the Court and the Interstate Commerce Commission, has all requisite power and authority to carry on the business of the Milwaukee Road as now being conducted and by an order of the Court has received all requisite power and authority to undertake his obligations as Lessee under the Participation Agreement, this Lease, and the Purchase Order Assignment, which order remains in full force and effect without any amendment or limitation imposed by any order of the Court issued subsequent thereto.

(b) The Participation Agreement, this Lease, and the Purchase Order Assignment have been duly authorized, executed and delivered by the Lessee and constitute the valid, legal and binding agreements of the Lessee enforceable in accordance with their terms, except as such terms may be limited by bankruptcy, insolvency, moratorium or similar laws affecting the enforcement of creditors' rights generally. During the continuance of the Reorganization Proceedings, the Lessee has been authorized to perform his obligations under the Participation Agreement, the Lease, and the Purchase Order Assignment, including, without limitation, the obligation to pay accrued rentals and any other sums due and owing pursuant to the terms thereof or, upon a default thereunder any claim for damages in consequence thereof, will constitute an expense of administration entitled to priority over all claims not constituting an administrative expense, except that the terms of this Lease provide for the termination of the obligations of the Lessee thereunder, but only if the Court orders such termination in connection with the discontinuance of substantially all service and/or the liquidation of substantially all the assets of the Milwaukee Road. In the event that the Court orders the termination of the obligations of the Lessee under this Lease and/or the other Operative Agreements in connection with the discontinuance of substantially all service and/or the liquidation of substantially all of the assets of the Lessee, all obligations of the Lessee which accrue prior to such termination and the obligations of the Lessee under Section 13.2 of this Lease shall remain expenses of administration entitled to priority with other such expenses notwithstanding such termination. No other equipment obligation, whether entered into prior to the commencement of the Reorganization Proceedings or during the pendency thereof, has priority over this Lease and the rights of the Lessor therein and in the Equipment, except that the terms of this Lease provide for the termination of the obligations of the Lessee

thereunder, but only if the Court orders such termination in connection with the discontinuance of substantially all service and/or the liquidation of substantially all the assets of the Milwaukee Road. It is contemplated by this Lease that a plan of reorganization may be adopted in connection with the Reorganization Proceedings which, without constituting an Event of Default under this Lease, provides for either the assignment of this Lease pursuant to Section 17 thereof to a Successor Company, or the assumption of this Lease by a Successor Company pursuant to such plan of reorganization, and that such plan of reorganization will not subordinate the obligations under this Lease to the obligations of said Successor Company under any other equipment obligation.

(c) The consolidated balance sheet as of December 31, 1978 and the consolidated statements of operations and statements of changes in financial position of the Lessee for the year ended December 31, 1978, heretofore delivered to the Lessor and each Participant as set forth in Lessee's Form 10-K for the 1978 year, have been prepared in accordance with generally accepted accounting principles applied on a consistent basis and, except as set forth therein, fairly present the financial position of the Lessee and its subsidiaries on a consolidated basis, on and as of the date thereof and the results of its operations for the period covered thereby. Said financial statements have been prepared according to accounting principles applicable to a going concern notwithstanding that the reorganization proceedings have caused uncertainty as to the Lessee's ability to continue operations on a going concern basis and that the statements might have required adjustments had the outcome of said uncertainty been known. Since the date of such balance sheet, there has been no material adverse change in the consolidated financial condition of the Lessee and its subsidiaries from the condition thereof reflected by such financial statements, except that as disclosed therein and in (1) the Trustee's Report to the Court dated as of March 12, 1979, (2) the Trustee's Petition to the Court for "Direction with Respect to Partial Embargo of Freight Operations, Financing Remaining Operations and Related Relief" dated as of April 23, 1979 and attachments thereto ("Petition"), and (3) the Testimony and Exhibits of the Lessee's Trustee and of his officers Cruikshank, Nugent, Abbey, White, Power and Harrington, filed with the Court on April 30, 1979, copies of which have also been previously furnished to the Lessor and each Participant, during the first quarter of 1979 Lessee's operating losses have increased and liquidity problems have been presented due in substantial part to the extremely severe winter and the conditions thereof and resulting therefrom, and losses are expected to continue beyond the first six months of 1979. No determination has presently been made that the Lessee will currently or at any time hereafter discontinue substantially all service and/or liquidate substantially all of the assets of the Milwaukee Road. The Lessee confirms and agrees that neither the imposition of an embargo as requested in the Petition nor a similar embargo or discontinuance of services or disposition of assets which leaves in service substantially all of any one of the eight reduced physical configurations of the Milwaukee Road described in Appendix B to said Petition shall constitute a discontinuance of substantially all service and/or a liquidation of substantially all of the assets of the Milwaukee Road which would cause the Lessee to request an Early Termination Order pursuant to Section 3 of this Lease.

(d) The financial statements referred to in paragraph (c) hereof do not, nor does any written statement furnished by the Lessee to the Lessor, the Trustor, the Security Trustee and each Note Purchaser in connection with the negotiation of the Lease, contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein not misleading. There is no fact known to the Lessee which the Lessee has not disclosed to you in writing which materially affects adversely nor will materially affect adversely the properties, business, prospects, profits or condition (financial or otherwise) of the Lessee.

(e) Other than the Reorganization Proceeding currently pending, there are no proceedings pending or, to the knowledge of the Lessee threatened, against or affecting the Lessee or any subsidiary in any court or before any governmental authority or arbitration board or tribunal which if adversely determined would materially and adversely affect the Lessee's ability to perform its obligations under the Participation Agreement, this Lease, or the Purchase Order Assignment. Neither the Lessee nor any subsidiary is in default with respect to any order of any court or governmental authority or arbitration board or tribunal, which default would materially and adversely affect the Lessee's ability to perform its obligations under the Participation Agreement, this Lease, or the Purchase Order Assignment.

(f) The undertaking by the Lessee of its obligations under the Participation Agreement, this Lease, and the Purchase Order Assignment do not violate any provision of any law, any order of any court or governmental agency, or any indenture, agreement or other instrument to which the Lessee or any of its property is bound and will not be in conflict with, result in the breach of, or constitute (with due notice and/or lapse of time) a default under any such indenture, agreement or other instrument or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of the Lessee, except as to any liens and encumbrances upon the leasehold estate under this Lease.

(g) No Event of Default has occurred and is continuing and no event has occurred and is continuing which with the lapse of time or the giving of notice, or both, would constitute an Event of Default hereunder.

(h) No approval, consent or withholding of objection is required from any public regulatory body with respect to the entering into or performance by the Lessee of the Participation Agreement, this Lease and the Purchase Order Assignment or in the event that any such approval, consent or withholding of objection is required, it has been obtained.

(i) No mortgage, deed of trust, trustee's certificate or other lien of any nature whatsoever which now covers or affects any property or interest therein of the Lessee, now attaches or hereafter will attach to any Item of Equipment or in any manner affects or will affect adversely the right, title and interest of the Lessor or security interest of the Note Purchasers therein; provided, however, that such liens may attach to the leasehold estate of the Lessee under the Lease.

(j) The Equipment is covered by the insurance required by Section 11 hereof and all premiums due on or prior to the date hereof in respect of such insurance have been paid in full.

(k) The Lessee represents that it is not a "party-in-interest" (as defined in Section 3 of the Employee Retirement Income Security Act of 1974, as amended) with respect to any employee benefit plan identified in the letter dated March 15, 1979 from the Note Purchaser, Aetna Life Insurance Company, to the Lessee, the Lessor, the Trustor and the Security Trustee.

22.4. Execution in Counterparts. This Lease, and any lease supplemental hereto, may be executed in several counterparts, each of which so executed shall be deemed to be an original and in each case such counterparts shall constitute but one and the same instrument.

22.5. Law Governing. This Lease shall be construed in accordance with the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by any applicable Federal statute, rule or regulation.

22.6. Headings and Table of Contents. All Section headings and the Table of Contents are inserted for convenience only and shall not affect any construction or interpretation of this Lease.

22.7. Severability. 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 provisions in any other jurisdiction.

22.8. Survival. All warranties, representations and covenants made by the Lessee herein or in any certificate or other instrument delivered by the Lessee or on behalf of the Lessee under this Lease shall be considered to have been relied upon by the Lessor, each Note Purchaser, the Security Trustee and the Trustor and their respective successors and assigns and shall survive the consummation of the transactions contemplated hereby regardless of any investigation made by any such party or on behalf of any such party. All statements in any such certificate or other instrument shall constitute warranties and representations of the Lessee.

IN WITNESS WHEREOF, the parties hereto have caused this Lease to be executed by their respective officers thereunder duly authorized and the corporate seal of the Lessor to be hereto affixed as of the day and year first above written.

[CORPORATE SEAL]

THE CONNECTICUT BANK AND TRUST
COMPANY, not in its individual
capacity but solely as Trustee

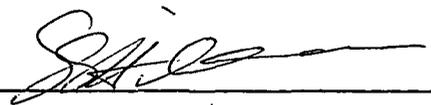
By 

Authorized Officer

ATTEST:

B. Budnowski
Authorized Officer

STANLEY E.G. HILLMAN, TRUSTEE OF THE
PROPERTY OF CHICAGO, MILWAUKEE, ST.
PAUL AND PACIFIC RAILROAD COMPANY,
DEBTOR

By 

STATE OF CONNECTICUT)
) SS *Hartford*
COUNTY OF HARTFORD)

On this *29th* day of *May*, 1979, before me personally appeared **DONALD E. SMITH**, to me personally known, who being by me duly sworn, says that he is an authorized officer of THE CONNECTICUT BANK AND TRUST COMPANY, that the seal 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.

[NOTARIAL SEAL]

Maime J. Owens

Notary Public

My commission expires: *3-31-81*

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this *25th* day of *May*, 1979, before me personally appeared STANLEY E.G. HILLMAN, to me personally known, who being by me duly sworn, says that he is Trustee of the Property of CHICAGO, MILWAUKEE, ST. PAUL AND PACIFIC RAILROAD COMPANY, DEBTOR, and that the foregoing instrument was signed by him not individually but solely as Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor.

[NOTARIAL SEAL]

Joanne M. Easton

Notary Public

My commission expires: *July 24, 1982*

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT LEASE

TO: The Connecticut Bank and Trust Company,
as Trustee under Milwaukee Road No. 79-2
(the "Lessor")

Pullman Incorporated (Pullman Standard Division)
(the "Manufacturer")

I, a duly appointed and authorized representative of the Lessor and of Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor (the "Lessee") under the Equipment Lease dated as of February 1, 1979 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery on behalf of the Lessor under the Purchase Order Assignment and under said Equipment Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

MANUFACTURER: Pullman Incorporated
(Pullman Standard Division)

PLACE ACCEPTED: Bessemer, Alabama

DATE ACCEPTED:

NUMBER OF ITEMS:

MARKED AND NUMBERED:

I do further certify on behalf of the Lessee that the foregoing Items of Equipment are in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Owned by a Bank or Trust Company and Subject
to a Security Interest Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: , 1979

Inspector and Authorized
Representative of the Lessee

(Milwaukee Road No. 79-2)

SCHEDULE B
(to Equipment Lease)

DESCRIPTION OF ITEMS OF EQUIPMENT

Manufacturer of Equipment: Pullman Incorporated
(Pullman Standard Division)

Description and Mark and
Number of Items of
Equipment:

40 50 foot, 70 Ton XM Boxcars	MILW 50668-50669 50699-50702 50704-50706 50711-50712 50770 50786 50800 50817-50818 50823-50829 50833 50847 50853 50859-50860 50864 50868 50870-50875 50882 50888 50895-50896
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100 70 Ton XP Boxcars	MILW 56600-56699 (both inclusive)
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100 70 Ton XF Boxcars	MILW 16000-16099 (both inclusive)
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Base Purchase Price of
Equipment: \$38,750 per Item

Maximum Aggregate Purchase
Price of Equipment: \$9,300,000

Place of Delivery: Bessemer, Alabama

Outside Delivery Date: June 30, 1979

SCHEDULE A
(to Equipment Lease)

CERTIFICATE OF ACCEPTANCE UNDER EQUIPMENT LEASE

TO: The Connecticut Bank and Trust Company,
as Trustee under Milwaukee Road No. 79-2
(the "Lessor")

Pullman Incorporated (Pullman Standard Division)
(the "Manufacturer")

I, a duly appointed and authorized representative of the Lessor and of Stanley E.G. Hillman, Trustee of the Property of Chicago, Milwaukee, St. Paul and Pacific Railroad Company, Debtor (the "Lessee") under the Equipment Lease dated as of February 1, 1979 between the Lessor and the Lessee, do hereby certify that I have inspected, received, approved and accepted delivery on behalf of the Lessor under the Purchase Order Assignment and under said Equipment Lease of the following Items of Equipment:

TYPE OF EQUIPMENT:

MANUFACTURER: Pullman Incorporated
(Pullman Standard Division)

PLACE ACCEPTED:

DATE ACCEPTED:

NUMBER OF ITEMS:

MARKED AND NUMBERED:

I do further certify on behalf of the Lessee that the foregoing Items of Equipment are in good order and condition, and appear to conform to the specifications applicable thereto, that the Lessee has no knowledge of any defect in any of the foregoing Items of Equipment with respect to design, manufacture, condition or in any other respect, and that each Item has been labeled by means of a plate or a stencil printed in contrasting colors upon each side of the Item in letters not less than one inch in height as follows:

"Owned by a Bank or Trust Company and Subject
to a Security Interest Recorded with the I.C.C."

The execution of this Certificate will in no way relieve or decrease the responsibility of the Manufacturer for any warranties it has made with respect to the Equipment.

Dated: , 1979

Inspector and Authorized
Representative of the Lessee

(Milwaukee Road No. 79-2)

SCHEDULE B
(to Equipment Lease)

SCHEDULE OF CASUALTY VALUES

The Casualty Value for an Item of Equipment payable on the Term Lease Commencement Date or any Fixed Rental payment date thereafter shall mean an amount equal to the percent of the Purchase Price of such Item set forth opposite such date in the following schedule (as the same may be increased pursuant to Annex 1 to this Schedule C):

TABLE I

<u>Term Lease Commencement Date or Number of Fixed Rental Payment Date on which Casualty Value is Paid</u>	<u>Percentage of Purchase Price Payable as Casualty Value</u>
Term Lease Commencement Date	88.6769
1	89.9655
2	91.1116
3	92.1543
4	93.0884
5	93.9549
6	94.6876
7	95.3188
8	95.8431
9	96.2943
10	96.6142
11	96.8293
12	96.9341
13	96.9563
14	96.8495
15	96.6343
16	96.3050
17	95.8832
18	95.3343
19	94.6729
20	93.8934-
21	93.0107
22	92.0027
23	90.8777
24	89.6318
25	88.3291
26	86.9864
27	85.6049
28	84.1838
29	82.7224
30	81.2219
31	79.6817
32	78.1008
33	76.4788

(Milwaukee Road No. 79-2)

SCHEDULE C
(to Equipment Lease)

Term Lease Commencement Date
or Number of Fixed Rental
Payment Date on Which
Casualty Value is Paid

Percentage of Purchase
Price Payable as
Casualty Value

34	74.8202
35	73.1228
36	71.3856
37	69.6065
38	67.7933
39	65.9422
40	64.0522
41	62.1193
42	60.1549
43	58.1535
44	56.1138
45	54.0303
46	51.9179
47	49.7693
48	47.5831
49	45.3519
50	43.0921
51	40.7951
52	38.4720
53	36.1065
54	33.8127
55	31.5573
56	29.3441
57	27.1386
58	25.0365
59	23.0026
60 and thereafter during any storage period	20.0000

ANNEX 1 TO SCHEDULE C
(to Equipment Lease)

The percentages set forth in Table 1 to this Schedule C have been computed without regard to recapture of the Investment Credit provided for in Section 38 and related sections of the Internal Revenue Code of 1954, as amended. Consequently, unless in the sole opinion of the Trustor the tax law has changed so as not to require such recapture, the Casualty Value of any Item of Equipment suffering a Casualty Occurrence on or before the third, fifth or seventh anniversary of the date of delivery and acceptance of such Item shall be increased by the applicable percentage of the Purchase Price set forth below:

Chicago, Milwaukee, St. Paul and Pacific
Railroad Company
Steiner Sea, Air & Rail Co.

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Purchase Price</u>
Third	19.2308%
Fifth	12.8205%
Seventh	6.4103%