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RECORDATION NO. 9458 Filed & Recorded No. JUN 23 1978
Date
Fee $ 100
JUN 23 1978 -10 50 AM
INTERSTATE COMMERCE COMMISSION
ICC Washington, D. C.

RECEIVED
JUN 23 10 47 AM '78
CERTIFICATION UNIT

June 21, 1978

RECORDATION NO. [redacted] Filed & Recorded
JUN 23 1978 -10 50 AM
INTERSTATE COMMERCE COMMISSION

Secretary
Interstate Commerce Commission
Washington, D.C. 20423

Dear Sir:

Enclosed for recordation under the provisions of Section 20c of the Interstate Commerce Act and the regulations promulgated thereunder, as amended, are the original and two counterparts each of a Limited Recourse Note-Security Agreement dated June 21, 1978 and an Agreement of Lease dated June 21, 1978.

A general description of the railroad equipment covered by the enclosed documents is as follows:

> Two hundred (200) 70-ton, single sheaved, boxcars without side posts, with 10' sliding doors and rigid underframe, bearing reporting marks and numbers NSL 150104 through 150175 inclusive, NSL 151076 through 151175 inclusive, and PT 200000 through PT 2000027 inclusive, with AAR Mechanical Designation XM.

The names and addresses of the parties to the enclosed documents are:

A. Limited Recourse Note-Security Agreement:

DEBTOR: Refco-Equipment, Inc.
39 South LaSalle Street
Chicago, Illinois 60603

SECURED PARTY: Funding Systems Railcars, Inc.
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

B. Agreement of Lease:

LESSOR: Refco-Equipment, Inc.
39 South LaSalle Street
Chicago, Illinois 60603

Counterpart C. T. Kempler

LESSEE: Funding Systems Railcars, Inc.
1000 RIDC Plaza
Pittsburgh, Pennsylvania 15238

The undersigned is an executive officer of the Secured Party and Lessee mentioned in the enclosed documents and has knowledge of the matters set forth therein.

Please return the original of the enclosed Limited Recourse Note-Security Agreement and Agreement of Lease to Charles Kappler, Esq., Alvord and Alvord, 200 World Center Building, 918 Sixteenth Street, N.W., Washington, D.C. 20006, or to the bearer hereof.

Also enclosed is a remittance in the amount of the required recording fees.

Very truly yours,

FUNDING SYSTEMS RAILCARS, INC.

By Stanley B. Scheinman
Stanley B. Scheinman
President

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INTERSTATE COMMERCE COMMISSION

The undersigned, being a duly qualified and acting notary public in the State of New York, does hereby certify that she has compared the document attached hereto with the original thereof, and that such document attached hereto is a true and correct copy in all respects of such original.

Dated: June 21, 1978

Joanne M. Loehner
Notary Public

JOANNE M. LOEHNER
Notary Public, State of New York
No. 41-4526650
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 19 82

AGREEMENT OF LEASE

AGREEMENT OF LEASE, dated June 21, 1978, by and between REFCO-EQUIPMENT, INC., a Delaware corporation having its principal office and place of business at 39 South LaSalle Street, Chicago, Illinois 60606 ("Lessor"), and FUNDING SYSTEMS RAILCARS, INC., a Delaware corporation having its principal office and place of business at 1000 RIDC Plaza, Pittsburgh, Pennsylvania 15238 ("Lessee").

IN CONSIDERATION of the mutual agreements hereinafter set forth and the payment of rent as herein provided for, the parties hereto, desiring legally to be bound, hereby agree as follows:

1. Definitions.

1.1 "Purchase Agreement" means the purchase agreement of even date between Lessor, as Buyer, and Lessee, as Seller, executed and delivered simultaneously herewith. Each term defined in the Purchase Agreement shall have the same meaning herein as therein.

1.2 "Fixed Rent" means the Rent payable by Lessee to Lessor pursuant to Section 5.1 hereof.

1.3 "Additional Rent" means the Rent payable by Lessee to Lessor pursuant to Section 5.2 hereof.

1.4 "Rent" means and includes Fixed Rent and Additional Rent.

1.5 "Lease Term" means the term of this Lease as provided for in Section 3 hereof.

2. Property Leased. Lessor, in consideration of the Rent to be paid by Lessee and the covenants and agreements of Lessee hereinafter set forth, hereby demises and lets to Lessee all of the railroad cars described in the Schedule attached to the Purchase Agreement (the "Equipment"). Each item of Equipment is leased hereunder, in "AS IS" condition, "WHERE IS" and subject to the leases, liens, security interests and encumbrances that exist at the time of the execution and delivery hereof, and all that may hereafter be placed or are permitted to be placed on the Equipment by Lessee.

3. Term. The term of lease for the Equipment shall be a fixed term commencing on the date hereof and extending through and including January 31, 1994; provided, however, that such term may be shortened pursuant to termination provisions contained elsewhere in this Lease.

4. Delivery and Redelivery. Except with respect to those items of Equipment for which the Management Agreement or an Underlying Agreement entered into in accordance with the provisions hereof is then in effect, and in such case upon termination of such Management or Underlying Agreement, promptly upon expiration or termination of the Lease Term for any reason, Lessee, at its expense, shall deliver or cause the delivery of each item of Equipment to Lessor in the same operating order, repair and condition as on the date hereof (reasonable wear and tear excepted) at such places in the Continental United States and at such times as Lessor shall designate in writing.

5. Rent.

5.1 Fixed Rent. Lessee shall pay to Lessor as Fixed Rent for the Equipment during the Lease Term the amounts referred to in Schedule A attached hereto at the times provided for therein.

5.2 Additional Rent. If there shall occur an Event of Default (as hereinafter defined) (whether by reason of any failure by Lessee to perform any obligation (i) under the Management Agreement or an Underlying Agreement,

(ii) directly to Lessor under this Lease [as for example, the failure to pay taxes] or (iii) otherwise [as for example a failure to pay an insurance premium]) and Lessee fails to cure such default within any applicable grace period (whether herein or otherwise) after notice as provided for herein or otherwise, Lessor shall have the right, upon notice to Lessee, to cure such default or breach, and the amount of all reasonable expenses incurred by Lessor in connection therewith, after written notice to Lessee, shall, at the election of Lessor (i) be deemed to be prepayments under the Limited Recourse Note, (ii) be added to and be paid with the installment of Fixed Rent next payable under this Lease following the giving of such notice or (iii) be immediately due and payable as Additional Rent. Interest on any amounts of Additional Rent due to be paid hereunder, but unpaid, shall accrue at the rate of 2% per month (or if that rate exceeds the maximum rate allowed by law, then such maximum rate) and shall be payable on demand.

5.3 Taxes and Fees. In addition to the Rent, Lessee shall pay or cause to be paid to the appropriate governmental authorities all franchise taxes that may be imposed upon Lessor in any state where the Equipment is located and all sales, use, property, ad valorem or other taxes, imposts, levies, duties, assessments, licenses, tolls, inspection or other fees, however designated, paid, payable or required to be collected by Lessor, Lessee, any end user of the Equipment or any other person, which are levied or based upon the rental provided for in this Lease or derived from the Management Agreement or any Underlying Agreement, upon this Lease or the Management Agreement or any Underlying Agreement, upon the Equipment or the use, delivery, return, lease, operation, control or value thereof or upon or with respect to any substitution as hereinafter provided for, including without limitation, state and local privilege and excise taxes based on gross revenues, any penalties or interest in connection therewith (other than penalties or interest arising out of acts or failures to act of Lessor) or amounts in lieu thereof, paid or payable by Lessor, Lessee, the Manager, any Underlying User or any other person, with respect to the foregoing, but excluding taxes (including gross receipts taxes in the nature of an income tax) based on or measured by Lessor's net income; provided, however, that Lessee may in good faith (at its expense) contest in any reasonable manner the imposition

of any such taxes, licenses, tolls, inspection or other fees, but only to the extent that such contest does not adversely affect, or threaten to affect, the title of Lessor in the Equipment or impose any criminal or civil liability on Lessor. Lessee agrees timely to file or cause to be timely filed, on behalf of Lessor, or otherwise, all such required tax and other returns and reports concerning the Equipment, the Management Agreement, any Underlying Agreements and the taxes required to be paid by Lessee hereunder with all appropriate governmental agencies and to send Lessor copies of the same upon request. If the timely filing of any such return or report is dependent upon the action of Lessor, Lessee shall only be obligated under the immediately preceding sentence if Lessor shall timely provide Lessee with the information necessary for such filing.

5.4 Manner of Payment. All Fixed Rent, Additional Rent and other sums payable hereunder are expressed and shall be payable to Lessor in lawful money of the United States at its address set forth at the head of this Lease, or at such other place as Lessor shall designate in writing.

5.5 Net Lease. This lease is a net lease and it is specifically agreed that, as between Lessor and Lessee, Lessee shall be responsible for all costs and expenses of any nature whatsoever arising out of or related to or in connection with this Lease or the Equipment.

6. Maintenance and Risk of Loss.

6.1 Maintenance. During the Lease Term Lessee, at its sole cost and expense, shall keep or cause to be kept each item of Equipment in good working order and condition and suitable for use in interchange, make all necessary adjustments, repairs and replacements thereto and pay all costs, expenses, fees and charges incurred in connection therewith and with the use, possession and operation thereof, including, without limitation, repairs, maintenance, storage and servicing.

6.2 Risk of Loss. Until the Equipment is redelivered to Lessor, as provided for in this Lease, Lessee

relieves Lessor of responsibility for (and Lessee shall be solely responsible for) all risk of physical damage to, or loss or destruction of, the Equipment, howsoever caused unless caused by any wilful or negligent act of Lessor. During the Lease Term, Lessee shall, at its own cost and expense, keep each item of Equipment insured at the full insurable value thereof, against loss by fire, windstorm and explosion and with extended coverage against such other risks as are customarily insured against by companies owning property of a character similar to the Equipment. Upon the request of the Lessor, all insurance shall provide that copies of all notices to Lessee shall be sent to Lessor and that such insurance shall not be cancelled without giving ten (10) days prior written notice to Lessor. Upon the request of the Lessor, Lessee shall furnish current certificates of such insurance to Lessor throughout the term. If any item of Equipment is rendered unusable as a result of any physical damage to, or destruction of, the Equipment, Lessee shall give to Lessor immediate notice thereof, but this Lease shall continue in full force and effect without any abatement of rental. Lessee shall determine, within fifteen (15) days after the date of occurrence of such damage or destruction, whether such item of Equipment can be repaired. In the event Lessee determines that the item of Equipment cannot be repaired, Lessee at its expense shall promptly replace such items of Equipment in a manner that meets the requirements of Section 13 hereof (and convey title to such replacement equipment to Lessor free and clear of all liens and encumbrances other than the Lien and Lessee's security interest under the Limited Recourse Note), and this Lease shall continue in full force and effect as though such damage or destruction had not occurred. In the event Lessee determines that such item of Equipment can be repaired, Lessee shall cause such item of Equipment to be promptly repaired. Provided Lessee complies with its obligations under this Section, all proceeds of insurance received by Lessor or Lessee under the policies referred to above shall be paid to or retained by Lessee, provided, however, that in the event that insurance proceeds retained by Lessee exceed the cost of replacement equipment such difference shall promptly be paid to Lessor; provided further, that any such excess so paid to Lessor shall be credited as full or partial payment (as the case may be) of any amounts which Lessee may be required to pay under Section 13(d) hereof. Lessor hereby agrees to execute and deliver any instruments or documents requested in order to accomplish the foregoing.

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 rent shall continue for the duration of such requisitioning or taking. So long as no Event of Default shall have occurred and be continuing hereunder, 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; provided, however, that Lessor shall be entitled to any such sums which relate to any period after the expiration of the term of this Lease.

7. Lessee to Hold Harmless. Lessee shall indemnify Lessor from and protect, defend and hold it harmless against any loss, cost, damage or expense (including, without limitation, reasonable attorneys' fees) by reason of any claim which is in any manner connected with the delivery, warehousing, transportation, use, condition, operation, possession, control or removal of Equipment during the Lease Term, howsoever arising and whether or not alleged to be attributed to any default or defect in the Equipment; provided, however, that Lessee shall be subrogated to all of Lessor's rights against third parties, including, but not limited to, the vendors, manufacturers or transporters of the Equipment with respect to any such claims. Lessor shall give Lessee notice of any claim or liability in respect of which indemnification is provided for hereunder promptly after Lessor learns thereof, and Lessee shall be entitled to participate in the defense thereof. Notwithstanding the foregoing, Lessee shall not be required to indemnify Lessor for any loss, cost, damage or expense (including reasonable attorneys' fees) arising out of or as a result of Lessor's fault or negligence.

8. Protection of Title. Lessee agrees that title to all Equipment shall remain in Lessor and that Lessee will at all times (except as otherwise specifically permitted hereunder or under the Purchase Agreement or the Limited Recourse Note) (a) protect and defend, at its own cost, the title and interest of Lessor in and to the Equipment from and against any and all claims, liens, charges, encumbrances and legal processes of Lessee's creditors or other persons having claims against Lessee or the Equipment

(except claims, liens, charges, encumbrances and legal processes of Lessor's creditors or other persons having claims against Lessor and not also against the Lessee), including, without limitation, persons to whom Lessee may sublease the Equipment and their creditors, (b) keep each item of Equipment free and clear of any such claims, liens, charges, encumbrances and processes (except as permitted under the Documents) and (c) confirm and warrant the title of Lessor to the Equipment and the interest of Lessor by such instrument of further assurance as it shall reasonably be requested to execute. Lessee further agrees that by the execution of this Lease it does not have or obtain, and by payment and performance hereunder it does not and will not have or obtain, any title to the Equipment, nor any property right or interest, legal or equitable, therein, except as expressly set forth in this Lease.

9. Use of the Equipment. Lessee shall use its best efforts to cause each item of the Equipment at all times during the Lease Term to be used and operated under and in compliance with all applicable laws, orders, ordinances and regulations of the jurisdictions in which such item may be operated, including the Interchange Rules of the Association of American Railroads and the rules and regulations of the Interstate Commerce Commission; provided, however, that Lessee may in good faith contest (at its expense) in any reasonable manner the application of any such rule, regulation or order, but only to the extent that such contest or non-compliance during the pendency thereof does not adversely affect or threaten to affect the title of Lessor to any item of Equipment or impose any civil or criminal liability upon Lessor.

10. Right of Examination; Reports. Lessee agrees that it will at all times during the Lease Term, upon receipt of reasonable notice from Lessor, permit Lessor or its agents and representatives to make such examination during normal business hours of the Equipment and Lessee's books relating thereto as Lessor may reasonably request; provided, however, that any such right of examination shall be made in conformity with the provisions of any sublease permitted hereunder. Lessee shall at all times keep Lessor advised of any default by the Manager under the Management Agreement or by an Underlying User, any loss or damage to

the Equipment or any other material matters concerning the Equipment of which Lessee, from time to time, shall have knowledge. Lessee shall furnish Lessor with such information (and copies of relevant documents) concerning the Equipment, the Management Agreement, Underlying Agreements, the Lien, Fixed Rent and Additional Rent, as Lessor may, from time to time, reasonably request.

11. Sublease of Equipment. In addition to the Management Agreement, Lessee shall have the right during the Lease Term to sublease the Equipment to, or otherwise permit the control and use of the Equipment by, any party; provided, however, that in each such case Lessee shall obtain the prior written consent of Lessor which consent shall not be unreasonably withheld.

Except as provided below, Lessee shall fully and timely perform and discharge its obligations under the Management Agreement and all Underlying Agreements, and Lessor shall not (i) have any obligations or liabilities under the Management Agreement or any Underlying Agreement or (ii) be required or obligated in any manner to pay, perform or fulfill any obligations of Lessee under the Management Agreement or any Underlying Agreement.

Lessee shall forward full, complete and correct copies of all documents relating to or creating subleases or other agreements or arrangements relating to the use and/or control of the Equipment, within 15 days after the making thereof.

If, upon the expiration or termination of this Lease (including termination pursuant to Section 16.2 hereof) the Management Agreement or any Underlying Agreement is then in effect, the same shall not be cancelled or terminated and all of the rights of Lessee under such Management or Underlying Agreement, including, without limitation, the right to all payments due or to become due to Lessee under such Management or Underlying Agreement (except for rights, duties and obligations accrued or incurred prior to the date of the expiration or termination of this Lease, including, without limitation, the right to receive sums or the obligation to pay sums accrued prior thereto, and the duty to pay or defend any claim arising from such Management or Underlying Agreements prior thereto), and all guarantees

of the obligations of the Manager or pertinent Underlying Users shall be, ipso facto, automatically assigned to Lessor; provided, however, that (a) Lessor shall not bear or assume any obligations other than the obligation to lease the Equipment to the Manager or Underlying Users and (b) such assignment shall be subject and subordinate to the interest of the holder of the Lien (as defined in the Purchase Agreement). In addition, Lessee shall pay to Lessor, at the time of the expiration or termination of this Lease, an amount equal to all advance rent, if any, paid by Underlying Users on account of all periods after the expiration or termination of this Lease, and, in the event Lessee thereafter receives any rent or other sums on account of the Management Agreement or Underlying Agreements for periods subsequent to the expiration or termination of this Lease, Lessee shall promptly pay such sums to Lessor. Promptly upon the request of Lessee, Lessor shall execute any and all documents requested by Lessee to perfect the interest of the holder of the Lien in such Management and Underlying Agreements and subordinate its interests therein. Lessee shall fully and timely perform and discharge its obligations under the Management Agreement and Underlying Agreements after the Lease Term (i) to the extent such obligations are not then assumed by Lessor hereunder and (ii) so long as Lessor performs its obligations hereunder.

12. Location of Equipment. Except as otherwise permitted under the Management Agreement, the Equipment shall be operated and/or stored at all times during the term hereof within the United States.

13. Replacement of Equipment. In the event Lessee is required to replace any item of Equipment pursuant to Section 6.2 of this Lease (as in the case of destruction of the Equipment), Lessee shall replace such item with any item or items of like kind equipment (such as another similar railroad box car) reasonably satisfactory to Lessor (the "Replacement Equipment"); provided, however, that (a) Lessee transfers to Lessor (by bill of sale or other documents necessary to affect such transfer) such Replacement Equipment, free and clear of all security interests, liens, leases, claims, charges and encumbrances, except as expressly permitted below, (b) such Replacement Equipment has a fair market value at the time of such replacement equal to, or greater than, the fair market value

of the Equipment replaced (the "Replaced Equipment") immediately prior to the damage or destruction requiring its replacement, (c) such Replacement Equipment has a useful life for tax depreciation purposes equal to (or less than) the then remaining useful life for tax depreciation purposes of the Replaced Equipment and (d) either (i) such Replacement Equipment is new equipment eligible for an investment tax credit under Section 38 (and related sections) of the Internal Revenue Code of 1954, as amended, in an amount at least equal to the amount of any investment tax credit that may be recaptured by Lessor with respect to the Replaced Equipment, or (ii) simultaneously with such replacement, Lessee pays to Lessor an amount equal to two hundred percent (200%) of the difference between any investment tax credit that may be recaptured by Lessor with respect to the Replaced Equipment and the investment tax credit for which the Replacement Equipment is eligible. Any item or items of Replacement Equipment may be subject to the security interest of Lessee under the Limited Recourse Note and any other security interests, liens, or encumbrances, provided that the indebtedness relating to such other security interests, liens or encumbrances, when added to all other indebtedness then outstanding on the Equipment (other than indebtedness on the Replaced Equipment), will not be in excess of the aggregate unpaid balance of the Lien and will be satisfied and discharged in full by the payment of rent to be earned under the Management Agreement and/or during the non-cancellable terms of Underlying Agreements for the Equipment. For purposes hereof, a cancellation provision in an Underlying Agreement will not cause the otherwise non-cancellable term thereof to be deemed cancellable provided that such cancellation provision requires that a termination or similar payment be made which will discharge and satisfy in full such outstanding indebtedness.

Lessee shall give Lessor at least (10) days prior notice of the replacement of Equipment hereunder, which notice shall include (x) a description and a statement of the fair market value of the item or items of Replaced Equipment and the proposed Replacement Equipment, (y) copies of any and all leases, security agreements and other documents relating to security interests, liens, leases or encumbrances imposed or to be imposed, as permitted hereunder, on the item or items of proposed Replacement Equipment and (z) a statement of the amounts secured by security interests, liens and encumbrances on the item or items to be replaced and on the proposed Replacement Equipment.

Effective upon such replacement, all incidents of Lessee's interest as Lessee hereunder in the Replaced Equipment ipso facto shall cease and terminate automatically and the Replacement Equipment shall become Equipment leased hereunder instead of the Replaced Equipment. In addition, effective upon such replacement, all of Lessor's right, title and interest in and to the Replaced Equipment shall be automatically assigned and shall pass to Lessee and Lessor shall have no further interest therein.

14. Lessee's Covenants Satisfied by Compliance. Lessee's obligations under this Lease (other than for payment of Rent) shall be deemed satisfied by compliance with the requirements hereof by the Manager and/or any Underlying User under the Management Agreement and/or an Underlying Agreement presently or hereafter in force as permitted hereby.

15. Additions and Alterations. During the term of this Lease, Lessee may make alterations or add attachments to the Equipment provided none thereof decrease the value of the Equipment, in any way damage or injure the Equipment, interfere with the normal or satisfactory operation or maintenance of the Equipment or create a safety hazard. At or following the expiration of the term hereof, Lessee shall, at its expense, remove such additions or alterations promptly on demand of Lessor, and, forthwith upon such removal, restore the Equipment to its original condition, less ordinary wear and tear.

16. Events of Default.

16.1 "Event of Default" means any of the following events:

(a) If Lessee shall default in the payment of any installment of Rent or other sums payable by Lessee to Lessor or its assigns hereunder as and when such Rent, or other sums become due and payable, and such default shall continue for a period of ten (10) days after notice; or

(b) If Lessee shall (i) default in the payment, or, in a material way, in the performance or observance, when due, of its obligations under the Lien or of any other covenant, agreement or obligation of Lessee to Lessor hereunder or otherwise relating in any manner to the purchase or leasing of the Equipment including, without limitation, obligations of Lessee (as Seller) under the Purchase Agreement, or (ii) have made any material misrepresentation or materially breached any warranty, covenant or agreement material to Lessor hereunder or under the Purchase Agreement and such default, misrepresentation or breach of warranty shall continue for a period of thirty (30) days after notice; or

(c) If Lessee shall:

(i) admit in writing its inability to pay its debts generally as they become due;

(ii) file a petition in bankruptcy or a petition to take advantage of any insolvency act;

(iii) make an assignment for the benefit of its creditors;

(iv) consent to the appointment of a receiver for itself or for the whole or any substantial part of its property;

(v) on a petition in bankruptcy filed against it, be adjudicated a bankrupt; or

(vi) file a petition or answer seeking reorganization, arrangement or other aid or relief under the bankruptcy laws or any other state or federal law for the relief of debtors; or

(d) If a court of competent jurisdiction shall enter an order, judgment or decree appointing, with or without the consent of Lessee, a receiver for Lessee or the whole or any substantial part of its property, or approving a petition filed against it seeking reorganization or arrangement of Lessee under any bankruptcy or insolvency laws or any other state or federal law for the relief of

debtors, and such order, judgment or decree shall not be vacated or set aside or stayed within sixty (60) days from the date of entry thereof; or

(e) If, under the provisions of any other law for the relief of debtors, any court of competent jurisdiction shall assume custody or control of Lessee or the whole or any substantial part of its property, with or without the consent of Lessee, and such custody or control shall not be terminated or stayed within sixty (60) days from the date of assumption of such custody or control.

16.2 Remedies. If an Event of Default occurs and is continuing, Lessor, at its option, may terminate this Lease and the term hereof by giving Lessee notice of its election and intention to do so. Upon Lessor's election to terminate this Lease as set forth above, then upon the expiration of the time fixed in such notice (i) this Lease and the term hereof shall wholly cease and expire in the same manner and with the same force and effect as if the date fixed by such notice were the expiration of the entire Lease Term herein granted, (ii) subject to the Lien, the Management Agreement and Underlying Agreements, Lessor may take possession of any or all of the Equipment wherever situated, and, for such purposes, enter upon any premises without any liability for so doing and (iii) subject to the Management Agreement, Underlying Agreements and the Lien, Lessor may sell, dispose of, hold, use or lease any or all of the Equipment as Lessor in its sole discretion shall determine, without any duty to account to Lessee, except as expressly provided herein or in the Limited Recourse Note. Lessee shall in all events, whether or not this Lease is terminated as foresaid, be and remain liable (a) for damages as provided by law, (b) for Lessee's obligations which extend beyond the Lease Term or such termination and (c) for costs and expenses incurred by Lessor arising from such Event of Default or termination, including, without limitation, reasonable attorneys' fees, payments to Senior Lienholders and costs and expenses of operating, leasing and maintaining the Equipment in excess of the proceeds derived from the Management Agreement and/or Underlying Agreements.

17. Indemnification.

17.1 Lessee will indemnify Lessor and protect, defend and hold it harmless from and against any and all loss, cost, damage, injury or expense, including, without limitation, reasonable attorneys' fees, wheresoever and howsoever arising which Lessor or its subsidiaries or shareholders, or any of its or their directors, officers, agents, employees, stockholders or partners, may incur by reason of any breach by Lessee of any of the representations by, or obligations of, Lessee contained in this Lease or in any way relating to or arising out of this Lease, the Equipment, claims of holders of the Lien, the Manager, Underlying Users; provided, however, that if Lessor shall fail to notify Lessee as aforesaid within a reasonable time after Lessor shall have actual notice of any such claim or liability with the result that Lessee is denied all reasonable judicial process to defend against the same, then Lessee shall be relieved of any liability to indemnify Lessor under this Section 17.1. Notwithstanding the foregoing, Lessee shall not be required to indemnify Lessor for any loss, cost, damage or expense (including reasonable attorneys' fees) arising out of or as a result of Lessor's fault or negligence.

17.2 In the event any claim for indemnification hereunder arises on account of a claim or action made or instituted by a third person against Lessor, Lessor shall notify Lessee promptly after the receipt of notice by Lessor that such claim was made or that such action was commenced. Lessee shall be entitled to participate in or, at its option assume the defense of any such claim or action by counsel of its own choosing, and if it assumes such defense, to control and settle the same. If Lessee shall only participate in the defense of any such claim or action, the same shall not be settled without its prior written consent (which consent shall not be unreasonably withheld) unless Lessee shall deny Lessor's right to indemnification.

18. No Transfer By Lessee. Lessee shall not, without first obtaining the written consent of Lessor, which consent shall not be unreasonably withheld or delayed, sell, assign

or transfer any or all of its rights or interests in, to or under this Lease or the Equipment, except under a sublease permitted by the provisions of Section 11 hereof or in accordance with a refinancing permitted under Section 4 of the Purchase Agreement, but in any event Lessee named herein shall remain liable for the full performance of all of the obligations of Lessee under this Lease.

19. Disclaimer of Warranties. THE EQUIPMENT IS BEING LEASED HEREUNDER "AS IS." ACCORDINGLY, EXCEPT AS MAY BE SPECIFICALLY SET FORTH HEREIN, LESSOR MAKES NO REPRESENTATIONS OR WARRANTIES OF ANY KIND OR NATURE, EXPRESS OR IMPLIED, AS TO ANY MATTER WHATSOEVER, INCLUDING, WITHOUT LIMITATION, THE CONDITION OF THE EQUIPMENT, ITS MERCHANTABILITY OR ITS FITNESS FOR ANY PARTICULAR PURPOSE OR WITH RESPECT TO PATENT INFRINGEMENT OR THE LIKE. LESSOR SHALL IN NO EVENT, BE LIABLE TO LESSEE FOR ANY INDIRECT, SPECIAL OR CONSEQUENTIAL DAMAGES CAUSED, DIRECTLY OR INDIRECTLY, BY THE EQUIPMENT OR ANY INADEQUACY THEREOF FOR ANY PURPOSE, OR ANY DEFICIENCY OR DEFECT THEREIN, OR THE USE OR MAINTENANCE THEREOF, OR ANY REPAIRS, SERVICING OR ADJUSTMENTS THERETO.

20. Remedies. No course of dealing between Lessee and Lessor nor any delay or omission of Lessor or Lessee to exercise any right or remedy granted under this Lease shall operate as a waiver of any rights of such party, and every right and remedy of such party provided for herein shall be cumulative and concurrent, unless otherwise expressly provided herein, and shall be in addition to every other right or remedy provided for herein or now or hereafter existing in law or in equity or by statute or otherwise. The exercise or attempted exercise by such party of any such rights or remedies shall not preclude the simultaneous or later exercise by such party of any or all other such rights or remedies. Such rights or remedies may be exercised from time to time and as often as shall be deemed expedient.

21. Successors and Assigns. Subject to the provisions of Section 18, all covenants and agreements contained in this Lease shall bind the successors, assigns and transferees of Lessee and Lessor and shall inure to the benefit of the successors, assigns, and transferees of Lessee, to

the extent assignment is permitted hereunder, and Lessor, in the same manner and to the same extent and with like effect as if such successors and assigns were named in such covenants and agreements and were made parties to this Lease. Except as provided for in this Section 21, nothing contained in this Lease is intended to create any rights in any third persons, including, without limitation, the Manager or any Underlying Users or any persons claiming through or under the Manager or any Underlying Users.

22. Notices. Any notice, request or other communication to either party hereunder shall be given in writing and shall be deemed given on the earlier of the date the same is (i) personally delivered with receipt acknowledged or (ii) mailed by certified or registered mail, return receipt requested, postage prepaid, and addressed to the party for which intended at its address set forth at the head of this Lease together with a copy thereof to such single additional addressee as a party may request by notice to the other. The person and the place to which notices or copies of notices are to be given to either party may be changed from time to time by written notice to the other party.

23. Quiet Enjoyment. Except as to acts or things which Lessor is permitted to do pursuant to the other provisions of this Lease, Lessor agrees not to do any act or thing which would cause a breach or default by Lessee under the Lien, the Management Agreement or any Underlying Agreement entered into in accordance with the terms of this Lease. So long as this Lease shall not have expired or been terminated, Lessee shall have the right of quiet enjoyment, use and possession of the Equipment in accordance with the terms hereof (subject to the Lien and the Management Agreement); provided, however, that nothing herein shall be deemed to diminish or modify Lessor's rights upon the occurrence of an Event of Default. Lessor agrees that so long as the Management Agreement or any Underlying Agreement or other sublease permitted hereunder is not in default, Lessor shall not disturb the right of any lessee under the Management Agreement or any such Underlying Agreement or other sublease of the quiet enjoyment, use and possession of the Equipment in accordance with the terms of the Management Agreement or any such Underlying Agreement or other sublease.

24. Reporting. For income tax purposes Lessee agrees to account for the transactions hereunder as a true lease and will take no position on its tax returns or any other document relating thereto inconsistent therewith.

25. Governing Law. This Agreement shall be governed by and interpreted under the laws of the Commonwealth of Pennsylvania applicable to contracts made and to be performed therein without giving effect to the principles of conflict of laws thereof; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording or deposit hereof or of any financing statement or other document relating hereto, if any, as shall be conferred by the laws of the jurisdictions in which this Agreement or such financing statement or other document shall be filed, recorded or deposited.

26. Further Assurances. Each party hereto shall execute and deliver all such further instruments and documents as may reasonably be requested by the other party in order to fully carry out the intent and accomplish the purposes of this Lease and the transactions referred to herein.

27. Captions. Captions used herein are inserted for reference purposes only and shall not affect the interpretation or construction of this Lease.

28. Execution. This Lease may be executed in one or more counterparts, each of which shall be deemed an original, but all of which together shall constitute one and the same instrument.

29. Severability. The invalidity or unenforceability of any provision of this Lease shall not affect the validity or enforceability of any other provision.

30. Amendments. This Lease may be amended or

varied only by a document, in writing, of even or subsequent date hereto, executed by Lessor and Lessee.

IN WITNESS WHEREOF, the parties hereto have executed this Lease on the day and year first above written.

LESSOR: REFCO-EQUIPMENT, INC.

By: _____ REFCO-EQUIPMENT, INC. 1978

LESSEE: FUNDING SYSTEMS RAILCARS, INC. DELAWARE

By: _____

STATE OF New York :
: ss.:
COUNTY OF New York :

On this 21st day of June, 1978, before me personally appeared ALLEN PALLES to me personally known, who being by me duly sworn, says that he is a Vice President of REFCO-EQUIPMENT, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joanne M. Loehner
Notary Public

(SEAL)

JOANNE M. LOEHNER
Notary Public, State of New York
No. 41-4525650
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 19__

STATE OF New York :
: ss.:
COUNTY OF New York :

On this 21st day of June, 1978, before me personally appeared STANLEY B. SCHEINMAN to me personally known, who being by me duly sworn, says that he is the President of FUNDING SYSTEMS RAILCARS, INC., that one of the seals affixed to the foregoing instrument is the corporate seal of said corporation, that said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

Joanne M. Loehner
Notary Public

(SEAL)

JOANNE M. LOEHNER
Notary Public, State of New York
No. 41-4525650
Qualified in Queens County
Certificate filed in New York County
Commission Expires March 30, 19__

SCHEDULE A

Fixed Rent shall be:

(1) Monthly installments in the amount of:

(a) $2,000 for the period prior to July 1, 1978;

(b) $4,855.33 for each of the first six (6) full months (July through December, 1978) of the term hereof;

(c) $35,185.61 for each of the next twelve (12) months (January, 1979 through December, 1979) during the term hereof;

(d) $38,518.95 for each of the next twelve (12) months (January, 1980 through December, 1980) during the term hereof;

(e) $50,852.28 for each of the next twelve (12) months (January, 1981 through December 1981) during the term hereof;

(f) $78,352.28 for each of the next twelve (12) months (January, 1982 through December, 1982) during the term hereof;

(g) $79,852.28 for each of the next thirty-six (36) months (January 1983 through December 1985) during the term hereof;

(h) $87,352.28 for each of the next twelve (12) months (January, 1986 through December, 1986);

(i) $91,518.95 for each of the next twelve (12) months (January, 1987 through December, 1987) during the term hereof;

(j) $101,518.95 for each of the next twelve (12) months (January 1988 through December 1988) during the term hreof; and

(k) $116,518.95 for each of the remaining 61 months to and including January, 1994; and

(2) Additional amounts determined as follows:

Lessor shall be entitled on an annual basis to 50% of any "Net Proceeds" (as hereinafter defined) for the applicable year. Such 50% of Net Proceeds shall be payable to Lessor annually on or before April 30 of the year following the applicable year if and only to the extent that Lessee shall receive under Section 2.1 of the Management Agreement for the applicable year net cash after payment and deduction of all amounts required to be paid and deducted under said Section 2.1 of the Management Agreement (including any required payments (other than prepayments under Section 4.1 of the Security Agreement evidencing the Lien) to the holder of the Lien). For purposes hereof, "Net Proceeds" shall mean the difference between:

(a) any amounts payable, in the applicable year, to Lessee (as "Lessor" under the Management Agreement) under the Management Agreement in excess of the amount (the "Amount") specified in Section 11.3 of the Management Agreement as the amount above which the Manager will be entitled to a 50% incentive management fee; less

(b) a sum equal to 10% of the Amount.

(3) All monthly rent installments required to be paid under subsection (1) above shall be payable on the last day of each month.

REFCO-EQUIPMENT INC
1978

EXECUTED BY:

LESSOR: REFCO-EQUIPMENT, INC. DELAWARE

By: Allen P. Paller
Vice President

LESSEE: FUNDING SYSTEMS RAILCARS, INC.

By: Stanley B. Schneider
President