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10595-10
RECORDATION NO. Filed 1425

JUL 6 1979 - 3 40 PM

INTERSTATE COMMERCE COMMISSION
SEABOARD COAST LINE RAILROAD COMPANY

Treasury Department
P. O. Box 27581
Richmond, Virginia 23261

9-187A154

LEONARD G. ANDERSON
VICE PRESIDENT AND TREASURER

July 5, 1979

JUL 6 1979
5000
Washington, D.C.

Mr. H. G. Homme, Jr.
Secretary
Interstate Commerce Commission
Washington, D. C. 20423

Dear Mr. Homme:

I am enclosing for filing and recordation under the provisions of 49 U.S.C. § 11303 counterparts Nos. 1 through 6 of a Lease of Railroad Equipment and Assignment of Lease and Agreement, both dated as of May 1, 1979, described in detail below. Such document by its terms provides that each counterpart shall be deemed an original and, accordingly, counterpart No. 2 may be treated as the original and the others as counterparts thereof.

1. Names and addresses of the parties to the Lease of Railroad Equipment and Assignment of Lease and Agreement

- (a) Lessor-Vendee - Trust Company for USL, Inc.,
P. O. Box 66011, AMF O'HARE, Chicago, Illinois 60666
- (b) Lessee- Seaboard Coast Line Railroad Company,
3600 West Broad Street, Richmond, Virginia 23230
- (c) Vendor - Mercantile-Safe Deposit and Trust Company,
P. O. Box 2258, Baltimore, Maryland 21203

2. Description of the equipment

Identifying marks

"Ownership Subject to a Security Agreement
filed with the Interstate Commerce Commission"

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RECEIVED

*Counterparts
H. G. Homme, Jr.*

Mr. H. G. Homme, Jr. - 2

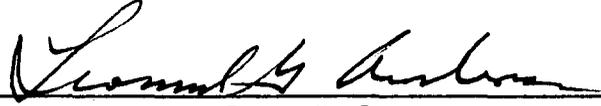
<u>General Description</u>	<u>Type of Equipment</u>	<u>A.A.R. Mech. Design.</u>	<u>Number</u>	<u>SCL Road Numbers</u>
Covered cement phosphate hopper cars	77-ton	LO	400	203100-203499, inclusive

Counterparts Nos. 2 through 6 of the above mentioned document should be returned to Mr. A. L. Freed, representing the undersigned, 1000 Connecticut Avenue, N.W., Washington, D. C. 20036.

I am enclosing this company's check in the amount of \$50.00 made payable to the Commission covering the recordation fee for the above mentioned document.

Very truly yours,

SEABOARD COAST LINE RAILROAD COMPANY

By 

Leonard G. Anderson
Vice President and Treasurer

10595-B
RECORDATION NO. Filed 1425

COUNTERPART NO. / OF
6 COUNTERPARTS.

JUL 6 1979 - 3 40 PM

[CS&M 2043-914]

INTERSTATE COMMERCE COMMISSION

LEASE OF RAILROAD EQUIPMENT

Dated as of May 1, 1979

Between

SEABOARD COAST LINE RAILROAD COMPANY,
Lessee,

and

TRUST COMPANY FOR USL, INC.,
as Trustee

LEASE OF RAILROAD EQUIPMENT

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* This Table of Contents has been included in this document for convenience only and does not form a part of, or affect any construction or interpretation of this document.

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LEASE OF RAILROAD EQUIPMENT, dated as of May 1, 1979, between SEABOARD COAST LINE RAILROAD COMPANY, a Virginia corporation (the "Lessee" or the "Builder"), and TRUST COMPANY FOR USL, INC., an Illinois corporation, not in its individual capacity but solely as Trustee (the "Lessor" or the "Vendee") under a Trust Agreement dated as of May 1, 1979 (the "Trust Agreement"), with DBT Financial Services Corporation (the "Beneficiary").

Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (said trust company as so acting, being hereinafter, together with its successors and assigns, called the "Vendor"), under a Participation Agreement dated as of the date hereof (the "Participation Agreement") with the Lessor, the Lessee, the Beneficiary and the parties named in Schedule A thereto, the Builder and the Vendee are entering into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the "RCSA"), wherein the Vendor has agreed to sell to the Vendee its interest in the railroad equipment described in Schedule A hereto after it has been reconstructed by the Builder.

The Lessee desires to lease all the units of said equipment, or such lesser number as are delivered, accepted and settled for under the RCSA (the "Units"), at the rentals and for the terms and upon the conditions hereinafter provided.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by the Lessee, the Lessor hereby leases the Units to the Lessee upon the following terms and conditions, but subject to all the rights and remedies of the Vendor under the RCSA:

Section 1. Delivery and Acceptance of Units. The Lessor will cause each Unit to be tendered to the Lessee at the point or points within the United States of America at which such Unit is delivered to the Lessor under the RCSA. Upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Unit is found to be in good order, to accept delivery of such Unit and execute and deliver to the Lessor a certificate of acceptance and delivery (the "Certificate of Acceptance"), whereupon such Unit shall be deemed to have been delivered to

and accepted by the Lessee and shall be subject thereafter to all the terms and conditions of this Lease.

Section 2. Rental. The Lessee agrees to pay to the Lessor as rental for each Unit subject to this Lease 3 interim and 16 consecutive semiannual payments. The interim payments are payable on January 15, 1980, July 15, 1980, and the Cut-Off Date (as defined in the Participation Agreement) (or as promptly thereafter as practicable). The 16 semiannual payments are payable on January 15 and July 15 in each year, commencing January 15, 1981, to and including July 15, 1988. The interim payment payable on January 15, 1980, shall be in an amount equal to the product of the Purchase Price (as such term is defined in the RCSA) for each Unit subject to the Lease multiplied by .0276712% for each calendar day elapsed from and including the date such Unit is settled for under the RCSA to but not including January 15, 1980. The interim payment payable on July 15, 1980, shall be in an amount equal to the sum of (a) the product of the Purchase Price for each Unit subject to the Lease settled for under the RCSA prior to January 15, 1980, multiplied by 5.05%, plus (b) an amount equal to the product of the Purchase Price for each Unit subject to the Lease settled for under the RCSA after January 15, 1980, multiplied by .027596% for each day elapsed from and including the date such Unit is settled for under the RCSA to but not including July 15, 1980. The interim payment payable on the Cut-Off Date (or as promptly thereafter as practicable) shall be in an amount equal to the amount payable by the Lessor to the Agent pursuant to clause (a) of the penultimate paragraph of Paragraph 9 of the Participation Agreement plus an amount, if any, equal to the deficiency payable pursuant to the first paragraph of said Paragraph 9. The interim payments payable on January 15, 1980, and July 15, 1980, shall be increased by an amount, if any, equal to the amount required by the Lessor to make the payments provided for in clause (b) of the penultimate paragraph of Paragraph 9 of the Participation Agreement. The 16 semiannual rental payments with respect to each Unit shall each be in an amount equal to 6.74458% of the Purchase Price of each such Unit then subject to this Lease. The foregoing rental rates have been calculated on the assumption that (i) 72.8368% of the Purchase Price of the Units will be provided by the Vendor out of Available Investors' Funds (as such term is defined in Article 3 of the RCSA); (ii) 27.1632% of the Purchase Price of the Units shall be paid by the Lessor; (iii) the interest payable on the CSA Indebtedness shall be 10.10% per annum; and (iv) the acceptance dates for the Units will be evenly spread over the anticipated acceptance period in accordance with Schedule B of the RCSA. If for any reason the Available Investors' Funds are not so

available and the Lessor pays more than 27.1632% of the Purchase Price of any Unit pursuant to the third paragraph of Article 3 of the RCSA on a Closing Date (as such term is defined in the RCSA) or if the funds deposited by the Investors (as such term is defined in the Participation Agreement) bear an interest rate other than 10.10% per annum or if the acceptance dates for the Units are not evenly spread over the anticipated acceptance period in accordance with Schedule B of the RCSA the Lessor and the Lessee agree that the rentals payable hereunder and the Casualty Value percentages set forth in Schedule B hereto will be adjusted, if necessary in the Lessor's opinion, in order that the Beneficiary's net aftertax return (computed on the same assumptions, including, without limitation, tax rates, as were utilized by the Beneficiary in originally evaluating this transaction) will not be increased or decreased by reason thereof; provided, however, that the rentals and Casualty Value percentages, as so adjusted, shall be sufficient to satisfy the obligations of the Lessor under the RCSA, notwithstanding any limitation of liability contained therein; and, provided further, that the Lessor's profit and cash flow will not be decreased thereby.

If any of the rental payment dates referred to above is not a business day the rental payment otherwise payable on such date shall be payable on the next succeeding business day. The term "business day" as used herein means a calendar day, excluding Saturdays, Sundays and any other day on which banking institutions in New York, New York, Richmond, Virginia, or Baltimore, Maryland, are authorized or obligated to remain closed.

This Lease is a net lease and the Lessee shall not be entitled to any abatement of rent, reduction thereof or setoff against rent, including, but not limited to, abatements, reductions or setoffs due or alleged to be due to, or by reason of, any past, present or future claims of the Lessee against the Lessor under this Lease or under the RCSA, or the Builder or the Vendor or otherwise; nor, except as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of the Lessor or the Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to any of the Units or damage to or loss of possession or loss of use or destruction of all or any of the Units from whatsoever cause, any liens, encumbrances or rights of others with respect to any of the Units, the prohibition of or other restriction against Lessee's use of all or any of the Units, the taking or requisitioning of any of the Units by condemnation or otherwise, the interference with such use by any person or entity, the invalidity or

unenforceability or lack of due authorization of this Lease, any insolvency, bankruptcy, reorganization or similar proceeding against the Lessee, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events in the manner and at the times herein provided unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease. To the extent permitted by applicable law, the Lessee hereby waives any and all rights which it may now have or which at any time hereafter may be conferred upon it, by statute or otherwise, to terminate, cancel, quit or surrender the lease of any of the Units except in accordance with the express terms hereof. Each rental or other payment made by the Lessee hereunder shall be final and the Lessee shall not seek to recover all or any part of such payment from the Lessor for any reason whatsoever.

Section 3. Term of Lease. The term of this Lease as to each Unit shall begin on the date of the delivery to and acceptance by the Lessee of such Unit and, subject to the provisions of Sections 6, 9 and 12 hereof, shall terminate on the date on which the final payment of rent in respect thereof is due hereunder; provided, however, all the obligations of the Lessee, except for the payment of rent and the furnishing of annual reports, shall continue until surrender of the Units in accordance with Section 13.

Notwithstanding anything to the contrary contained herein, all rights and obligations of the Lessee under this Lease and in and to the Units are subject to the rights of the Vendor under the RCSA. If an event of default should occur under the RCSA, the Vendor may terminate this Lease (or rescind its termination), all as provided therein.

Section 4. Identification Marks. The Lessee, so long as this Lease shall remain in effect, will cause each Unit to be kept numbered with the road number set forth in Schedule A hereto and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of such Unit, the legend required by Article 8 of the RCSA or other appropriate markings designated by the Vendor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect Lessor's and Vendor's title to and property in such Unit and

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

Except as above provided, the Lessee, so long as this Lease shall remain in effect, will not allow the name of any person, association or corporation to be placed on the Units as a designation that might be interpreted as a claim of ownership; provided, however, that the Lessee may cause the Units to be lettered with the names or initials or other insignia customarily used by the Lessee or its affiliates on railroad equipment used by them of the same or a similar type for convenience of identification of their rights to use the Units as permitted under this Lease.

Section 5. Taxes. All payments to be made by the Lessee hereunder will be free of expense to the Lessor for collection or other charges and will be free of expense to the Lessor 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 the Lessor receives credit therefor against its United States Federal income tax liability, any foreign income tax payable by the Lessor in consequence of the receipt of payments provided herein and other than the aggregate of all state and city income taxes and franchise taxes measured by net income 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, documentary stamp taxes, or license fees and any charges, fines

or penalties in connection therewith (hereinafter called "Impositions") now or hereafter levied or imposed upon or in connection with or measured by this Lease or any sale, rental, use, payment, shipment, delivery or transfer of title under the terms hereof or the RCSA, all of which Impositions the Lessee assumes and agrees to pay on demand in addition to the payments to be made by it provided for herein. The Lessee will also pay promptly all Impositions which may be imposed upon any Unit or for the use or operation thereof or upon the earnings arising therefrom or upon the Lessor solely by reason of its ownership thereof and will keep at all times all and every part of such Unit free and clear of all Impositions which might in any way affect the title of the Lessor or result in a lien upon any such Unit; 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 advance opinion of the Lessor, adversely affect the title, property or rights of the Lessor hereunder or of the Vendee under the RCSA. If any Impositions shall have been charged or levied against the Lessor directly and paid by the Lessor, the Lessee shall reimburse the Lessor on presentation of an invoice therefor.

In the event that the Lessor shall become obligated to make any payment to the Vendor pursuant to Article 5 of the RCSA not covered by the foregoing paragraph of this Section 5, the Lessee shall pay such additional amounts (which shall also be deemed Impositions hereunder) to the Lessor as will enable the Lessor to fulfill completely its obligations pursuant to said Article 5.

In the event any reports with regard to Impositions are required to be made on the basis of individual Units or otherwise, the Lessee will, where permitted to do so under applicable rules or regulations, make and timely file such reports in such manner as to show the interest of the Lessor and the Vendor in the Units as shall be satisfactory to the Lessor and the Vendor or, where not so permitted, will notify the Lessor and the Vendor of such requirement and will prepare and deliver such reports to the Lessor and the Vendor within a reasonable time prior to the time such reports are to be filed in such manner as shall be satisfactory to the Lessor and the Vendor.

In the event that, during the continuance of this Lease, the Lessee becomes liable for the payment or reim-

bursement of any Impositions, pursuant to this Section 5, such liability shall continue, notwithstanding the expiration of this Lease, until all such impositions are paid or reimbursed by the Lessee.

Section 6. Maintenance; Payment for Casualty Occurrences; Insurance. The Lessee agrees that, at its own cost and expense, it will maintain and keep each Unit which is subject to this Lease in good operating order, repair and condition.

In the event that any Unit shall be or become worn out, lost, stolen, destroyed or, in the opinion of the Lessee, irreparably damaged, from any cause whatsoever, or taken or requisitioned by condemnation or otherwise by the United States Government for a period which shall exceed the then remaining term of this Lease or by any other governmental entity resulting in loss of possession by the Lessee for a period of 90 consecutive days or until the end of the term of this Lease (each such occurrence being hereinafter called a "Casualty Occurrence") prior to the return of such Unit in the manner set forth in Section 13 hereof, the Lessee shall within 30 days after it shall have determined that such Unit has suffered a Casualty Occurrence, fully notify the Lessor and the Vendor in writing with respect thereto. Notwithstanding any such Casualty Occurrence, the Lessee shall continue making all payments provided for in this Lease in respect of such Unit until the rental payment date listed in Table 1 of Schedule B hereto next succeeding such notice. On such rental payment date the Lessee shall, when the aggregate Casualty Value of all Units having suffered a Casualty Occurrence should exceed \$100,000, or on July 15 of each year whatever the amount may be, pay to the Lessor the Casualty Value (as hereinafter defined) of such Unit or Units as of the date of such payment in accordance with Schedule B hereto. Upon the making of all such payments by the Lessee in respect of any Unit, the rental for such Unit shall thereafter cease to accrue, the term of this Lease as to such Unit shall terminate and (except in the case of the loss, theft or complete destruction of such Unit) the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent, to dispose of any Unit suffering a Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is, and with all faults" basis. Provided that the Lessee has previously paid the Casualty Value to Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

The Casualty Value of each Unit as of the payment date on which payment is to be made as aforesaid shall be an amount equal to the sum of (a) that percentage of the Purchase Price of such Unit as is set forth in Table 1 of Schedule B hereto opposite such date with respect to such Unit plus (b) that percentage of the Reconstruction Cost thereof as set forth in Table 2 of said Schedule B with respect to such Unit.

Whenever any Unit shall suffer a Casualty Occurrence at the end of the term of this Lease or after termination of this Lease and before such Unit shall have been returned in the manner provided in Section 13 hereof, the Lessee shall promptly and fully notify the Lessor with respect thereto and pay to the Lessor an amount equal to the Casualty Value of such Unit, which shall be an amount equal to 20% of the Purchase Price of such Unit. Upon the making of any such payment by the Lessee in respect of any Unit (except in the case of the loss, theft or complete destruction of such Unit), the Lessor shall be entitled to recover possession of such Unit. The Lessor hereby appoints the Lessee its agent to dispose of any Unit suffering such Casualty Occurrence or any component thereof, at the best price obtainable on an "as is, where is, and with all faults" basis. Provided that the Lessee has previously paid the Casualty Value to the Lessor, the Lessee shall be entitled to the proceeds of such sale to the extent they do not exceed the Casualty Value of such Unit, and shall pay any excess to the Lessor.

Except as hereinabove in this Section 6 provided, the Lessee shall not be released from its obligations hereunder in the event of, and shall bear the responsibility for and risk of, any Casualty Occurrence to any Unit after delivery to and acceptance thereof by the Lessee hereunder.

The Lessee will, at all times prior to the return of the Equipment to the Lessor, at its own expense, cause to be carried and maintained insurance in respect of the Units at the time subject hereto, in amounts and against risks customarily insured against by the Lessee in respect of similar equipment owned by it.

Section 7. Annual Reports. On or before March 31 in each year, commencing with the calendar year 1981, the Lessee will cause to be furnished to the Lessor, the Beneficiary and the Vendor (at the addresses shown in Section

16 hereof), an accurate statement, as of the preceding December 31, showing the amount, description and numbers of the Units (a) then leased hereunder and/or covered by the RCSA, (b) that have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Lease in the case of the first such statement) and (c) then undergoing repairs (other than running repairs) or then withdrawn from use pending such repairs and setting forth such other information regarding the condition and state of repair of the Units as the Lessor or the Vendor may reasonably request, and stating that, in the case of all Units repainted or repaired during the period covered by such statement, the markings required by Section 4 hereof and by Article 8 of the RCSA shall have been preserved or replaced. The Lessor and the Beneficiary, respectively, shall have the right at its sole cost, risk and expense, by its authorized representatives, to inspect the Units and the Lessee's records with respect thereto at such reasonable times as the Lessor or the Beneficiary, respectively, may request during the continuance of this Lease.

Section 8. Disclaimer of Warranties; Compliance with Laws and Rules; Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE UNITS DELIVERED TO THE LESSEE HEREUNDER, AND THE LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE UNITS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE UNITS OR ANY COMPONENT THEREOF, OR ANY OTHER REPRESENTATION OR WARRANTY, EXPRESS OR IMPLIED, WITH RESPECT TO ANY UNIT, EITHER UPON DELIVERY THEREOF TO THE LESSEE, OR OTHERWISE, it being agreed that all such risks, as between the Lessor and the Lessee, are to be borne by the Lessee; but the Lessor hereby irrevocably appoints and constitutes the Lessee its agent and attorney-in-fact during the term of this Lease to assert and enforce from time to time, in the name of and for the account of the Lessor and/or the Lessee, as their interests may appear, at the Lessee's sole cost and expense, whatever claims and rights the Lessor may have against the Builder under the provisions of Article 12 of the RCSA; 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, 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, loss or damage caused or alleged to be caused directly or indirectly by any

Units or by any inadequacy thereof or deficiency or defect therein or by any other circumstances in connection therewith; (ii) the use, operation, or performance of any Units or any risks relating thereto; (iii) any interruption of service, loss of business or anticipated profits or consequential damages; or (iv) the delivery, operation, servicing, maintenance, repair, improvement or replacement of any Units. The Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between the Lessee and the Lessor that all Units described therein are in all the foregoing respects satisfactory to the Lessee, and the Lessee will not assert any claim of any nature whatsoever against the Lessor based on any of the foregoing matters.

The Lessee agrees, for the benefit of the Lessor and the Vendor, to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Unit) with all applicable laws of the jurisdictions in which its operations involving the Units may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Units, to the extent that such laws and rules affect the title, operation or use of the Units, and in the event that, prior to the expiration of this Lease or any renewal thereof, such laws or rules require any alteration, replacement, addition or modification of or to any part of any Unit, the Lessee will conform therewith at its own expense; provided, however, that the Lessee may at its own expense, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the advance opinion of the Lessor or the Vendor, adversely affect the property or rights of the Lessor or the Vendor, respectively, under this Lease or under the RCSA. The Lessee, at its own cost and expense, may furnish additions, modifications and improvements to the Units during the term of this Lease provided that such additions, modifications and improvements are readily removable without causing material damage to the Units. The additions, modifications and improvements made by the Lessee under the first sentence of this paragraph shall be owned by the Lessor, and the additions, modifications and improvements made by the Lessee under the second sentence of this paragraph shall be owned by the Lessee.

The Lessee agrees to indemnify, protect and hold

harmless the Lessor (specifically including for the purposes of this provision the Beneficiary) and the Vendor from and against all losses, damages, injuries, liabilities, claims (including, without limitation, claims made against the Beneficiary by the Lessor or its Agent, as identified in the Trust Agreement, except for claims arising out of the failure of the Beneficiary to pay the Down Payment pursuant to Article 3 of the RCSA or to pay or discharge the sums required to be paid for discharge under the proviso to the last paragraph of Article 11 of the RCSA) and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, counsel fees and expenses, patent liabilities, penalties and interest, arising out of or as a result of (i) the entering into or the performance of the RCSA, the Participation Agreement, the Hulk Purchase Agreement, or this Lease, or any of the instruments or agreements referred to therein or herein or contemplated thereby or hereby, (ii) the ownership of any Hulk or any Unit, (iii) the ordering, acquisition, use, operation, maintenance, condition, reconstruction, purchase, delivery, rejection, storage or return of any Hulk or any Unit, (iv) any accident in connection with the operation, use, condition, reconstruction, possession, storage or return of any Hulk or any Unit resulting in damage to property or injury or death to any person, except as otherwise provided in Section 13 of this Lease, including, without limitation, any claim based upon the doctrines of product liability or strict liability in tort, or (v) the transfer of title to the Equipment by the Vendor pursuant to any provision of the RCSA. The indemnities arising under this paragraph shall continue in full force and effect notwithstanding the delivery of the Equipment or the full payment and performance of all obligations under this Lease and the Hulk Purchase Agreement or the expiration or termination of the term of this Lease and/or the Hulk Purchase Agreement; provided, however, that the foregoing indemnification shall not apply to any failure of payment of any of the principal or of interest on the CSA Indebtedness and shall not constitute a guarantee of the residual value of the Units.

The Lessee agrees to prepare and deliver to the Lessor within a reasonable time prior to the required date of filing (or, to the extent permissible, file on behalf of the Lessor) any and all reports (other than income tax returns) to be filed by the Lessor with any Federal, state or other regulatory authority by reason of the ownership by the Lessor or the Vendor of the Units or the leasing thereof to the Lessee.

Section 9. Default. If, during the continuance of this Lease, one or more of the following events (each such event being herein sometimes called an Event of Default) shall occur:

A. default shall be made in the payment of any amount provided for in Section 2, 6 or 12 hereof and such default shall continue for ten days after written notice thereof (but without waiver of any interest or late charges);

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

C. default shall be made in the observance or performance of any other of the covenants, conditions and agreements on the part of the Lessee contained herein or in the Participation Agreement and such default shall continue for 30 days after written notice from the Lessor or the Vendor to the Lessee specifying the default and demanding that the same be remedied;

D. a petition for reorganization under Title 11 of the United States Code, as now constituted or as may hereafter be amended, shall be filed by or against the Lessee and, unless such petition shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under the RCSA and this Lease shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings (whether or not subject to ratification) in such manner that such obligations shall have the same status as obligations incurred by such trustee or trustees, within 60 days after such petition shall have been filed;

E. any proceedings shall be commenced by or against the Lessee for any relief which includes, or might result in, any modification of the obligations of the Lessee under this Lease, the Participation Agreement or the Consent under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganizations, arrangements, composi-

tions or extensions (other than a law which does not permit any readjustments of the obligations of the Lessee hereunder, under the Participation Agreement or under the Consent), and, unless such proceedings shall have been dismissed, nullified, stayed or otherwise rendered ineffective (but then only so long as such stay shall continue in force or such ineffectiveness shall continue), all the obligations of the Lessee under this Lease, under the Participation Agreement or under the Consent, as the case may be, shall not have been (and shall not continue to be) duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed (whether or not subject to ratification) for the Lessee or for the property of the Lessee in connection with any such proceedings in such manner that such obligations shall have the same status as obligations incurred by such a trustee or trustees or receiver or receivers, within 60 days after such proceedings shall have been commenced; or

F. any of the Lessee's representations or warranties made herein or any statement or certificate at any time given in writing pursuant hereto or in connection herewith shall be breached or found to be false or misleading in any material respect;

then, in any such case, the Lessor, 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; or

(b) by notice in writing to the Lessee terminate this Lease, whereupon all rights of the Lessee to the use of the Units shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as herein provided; and thereupon the Lessor may by its agents enter upon the premises of the Lessee or other premises where any of the Units may be and take possession of all or any of such Units and thenceforth hold, possess, sell, operate, lease to others and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Units for any purposes whatever and without any duty to account to the Lessee for such action or inaction

or for any proceeds arising therefrom; but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which under the terms of this Lease may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee as damages for loss of the bargain and not as a penalty, whichever of the following amounts the Lessor, in its sole discretion, shall specify:

(x) a sum, with respect to each Unit, equal to the excess of the present value, at the time of such termination, of the entire unpaid balance of all rental for such Unit which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease as to such Unit over the then present value of the rental which the Lessor reasonably estimates to be obtainable for the Unit during such period, such present value to be computed in each case on the basis of a 5% per annum discount, compounded semiannually 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, if any, of the Casualty Value as of the rental payment date on or next preceding the date of termination over the amount the Lessor reasonably estimates to be the sales value of such Unit at such time; provided, however, that in the event the Lessor shall have sold any Unit, the Lessor, in lieu of collecting any amounts payable to the Lessor by the Lessee pursuant to the preceding clauses (x) and (y) of this part (b) with respect to such Unit, may, if it shall so elect, demand that the Lessee pay the Lessor and the Lessee shall pay to the Lessor on the date of such sale, as liquidated damages for loss of a bargain and not as a penalty, an amount equal to the excess, if any, of the Casualty Value for such Unit, as of the rental payment date on or next preceding the date of termination over the net proceeds of such sale.

In addition, the Lessee shall be liable, except as otherwise provided above, for any and all unpaid amounts due hereunder before, during or after the exercise of any of the foregoing remedies and for all reasonable attorneys' fees and other costs and expenses incurred by reason of the occurrence of

any Event of Default or the exercise of the Lessor's remedies with respect thereto, including all costs and expenses incurred in connection with the return of any Unit.

Should the Lessee fail to make any payment or to do any act as provided by this Lease, then the Lessor shall have the right (but not the obligation), without notice to the Lessee of its intention to do so and without releasing the Lessee from any obligation hereunder to make or to do the same, to make advances to preserve the Equipment or the Lessor's title thereto, and to pay, purchase, contest or compromise any insurance premium, encumbrance, charge, tax, lien or other sum which in the judgment of the Lessor appears to affect the Equipment, and in exercising any such rights, the Lessor may insure any liability and expend whatever amounts in its absolute discretion it may deem necessary therefor. All sums so incurred or expended by the Lessor shall be due and payable by the Lessee within ten (10) days of notice thereof.

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

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

Section 10. Return of Units upon Default. If this Lease shall terminate pursuant to Section 9 hereof, the Lessee shall forthwith deliver possession of the Units to the Lessor. Each Unit so delivered shall be in the same operating order, repair and condition as when originally delivered to the Lessee, reasonable wear and tear excepted. For the purpose of delivering possession of any Unit or Units to the Lessor as above required, the Lessee shall at its own

cost, expense and risk:

(a) forthwith and in the usual manner (including, but not by way of limitation, giving prompt telegraphic and written notice to the Association of American Railroads and all railroads to which any Unit or Units so interchanged) place such Units upon such storage tracks of the Lessee as the Lessor reasonably may designate;

(b) permit the Lessor to store such Units on such tracks at the risk of the Lessee without charge for insurance, rent or storage until such Units have been sold, leased or otherwise disposed of by the Lessor; and

(c) transport the same to any place on the lines of railroad operated by it or any of its affiliates or to any connecting carrier for shipment, all as directed by the Lessor.

The assembling, delivery, storage and transporting of the Units as hereinbefore provided shall be at the expense and risk of the Lessee and 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 Units. During any storage period, the Lessee will, at its own cost and expense, insure, maintain and keep the Equipment in good order and repair and will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence.

All amounts earned in respect of the Units after the date of termination of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after such termination, the Lessee shall,

in addition, pay to the Lessor for each day thereafter an amount equal to the amount, if any, by which the per diem interchange rate for such Unit for each such day exceeds the actual earnings received by the Lessor on such Unit for each such day.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 10, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney-in-fact of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Unit to the Lessor, to demand and take possession of such Unit in the name and on behalf of the Lessee from whomsoever shall be in possession of such Unit at the time.

Section 11. Assignment; Possession and Use. This Lease shall be assignable 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. The rights of the Lessor hereunder (including, but not limited to, the rights under Sections 5, 6, 8 and 9 and the rights to receive the rentals payable under this Lease) shall inure to the benefit of the Vendor as assignee under the Assignment of Lease and Agreement dated as of the date hereof between the Vendor and the Lessor (the "Lease Assignment") in the manner and to the extent therein provided.

So long as the Lessee shall not be in default under this Lease and no event of default exists under the RCSA, the Lessee shall be entitled to the possession and use of the Units in accordance with the terms of this Lease but, without the prior written consent of the Lessor and the Vendor, the Lessee shall not assign or transfer its leasehold interest under this Lease in the Units or any of them, and any such assignment or transfer without said consent shall be void. The Lessee, at its own expense, will promptly pay or discharge or cause to be duly discharged any and all sums claimed by any party which if unpaid, might become a lien, charge, security interest or other encumbrance (other than an encumbrance created by the Lessor or the Vendor after the date hereof or resulting from claims against the Lessor or the Vendor not related to the ownership of the Units), upon or with respect to any Unit or the interest of the Lessor, the Vendor or the Lessee therein, and will promptly discharge any such lien, charge, security interest or other encumbrance

which arises. The Lessee shall not, without the prior written consent of the Lessor, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Units, except to the extent permitted by the provisions of the next succeeding paragraph hereof.

Subject to the terms of this Lease, the Lessee shall be entitled to the possession of the Units and to the use thereof by it or any affiliate upon lines of railroad owned or operated by it or any such affiliate or upon the lines of railroad over which the Lessee or any such affiliate has trackage or other operating rights or over which railroad equipment of the Lessee or any such affiliate is operated pursuant to contract, and also to permit the use of the Units upon connecting and other carriers in the usual interchange of traffic and equipment, but only upon and subject to all the terms and conditions of this Lease, including the last paragraph of this Section 11, and the RCSA. The Lessee may receive and retain compensation for such use from other railroads so using any of the Units.

Nothing in this Section 11 shall be deemed to restrict the right of the Lessee to assign or transfer its leasehold interest under this Lease in the Units or possession of the Units to any corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed the obligations of the Lessee hereunder) into or with which the Lessee shall have become merged or consolidated or which shall have acquired the railroad properties of the Lessee as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger, consolidation or acquisition, be in default under any provision of this Lease.

The Lessee agrees that during the term of this Lease, it will not assign any Unit to service involving the regular operation and maintenance thereof outside the United States of America.

Section 12. Renewal Option; Right of First Refusal. Provided that this Lease has not been earlier terminated and the Lessee is not in default hereunder, the Lessee may elect, by written notice delivered to the Lessor not less than 180 days prior to the end of the original term of this Lease, to extend the term of this Lease in respect of all, but not fewer than all, the Units covered by this Lease for

an additional two-year period commencing on the scheduled expiration of the original term of this Lease, at a rental payable in semiannual payments, in an amount equal to the "Fair Market Rental" of such Units as of the commencement of such extended term, such semiannual payments to be made on January 15 and July 15 in each year of the extended term the first payment payable on January 15, 1989.

Fair Market Rental 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 between an informed and willing lessee (other than (i) a lessee currently in possession or (ii) a used equipment dealer) and an informed and willing lessor under no compulsion to lease and, in such determination, costs of removal from the location of current use shall not be a deduction from such value.

If on or before 120 days prior to the expiration of any term of this Lease, the Lessor and the Lessee are unable to agree upon a determination of the Fair Market Rental, of the Units, such value shall be determined in accordance with the foregoing definition by the following procedure: If either party to such determination shall have given written notice to the other requesting determination of such value by this appraisal procedure, the parties shall consult for the purpose of appointing a qualified independent appraiser by mutual agreement. If no such appraiser is so appointed within 20 business days after such notice is given, each party shall appoint an independent appraiser within 25 business days after such notice is given, and the two appraisers so appointed shall within 35 business days after such notice is given appoint a third independent appraiser. If no such third appraiser is appointed within 35 business days after such notice is given, either party may apply, to make such appointment, to the American Arbitration Association, and both parties shall be bound by any appointment so made. Any appraiser or appraisers appointed pursuant to the foregoing procedure shall be instructed to determine such value of the Units within 90 days after his or their appointment. If the parties shall have appointed a single appraiser or if either party shall have failed to appoint an appraiser, the determination of such value of the single appraiser appointed shall be final. If three appraisers shall be appointed, the determination of the appraiser which differs most from the other two appraisers shall be excluded, the remaining two determinations shall be averaged and such latter average shall be final and binding upon the parties hereto as such value. The

appraisal proceedings shall be conducted in accordance with the Commercial Arbitration Rules of the American Arbitration Association as in effect on the date hereof, except as modified hereby. The provision for this appraisal procedure shall be the exclusive means of determining Fair Market Rental, and shall be in lieu of any judicial or other procedure for the determination thereof, and each party hereto hereby consents and agrees not to assert any judicial or other procedures. The expenses of the appraisal procedure shall be borne by the Lessee.

At the end of the term of this Lease or any renewal thereof, the Lessor agrees that (provided no default hereunder shall have occurred and be continuing) it will not sell such Units, or any of them, unless the Lessor shall have given the Lessee at least 30 business days' prior written notice of such sale, specifying the sale price and terms of such sale. The Lessee shall have during said 30 days the opportunity to purchase such Unit or Units at the same price and on the same terms as specified in such notice. Notwithstanding anything else to the contrary, the foregoing right of the Lessee shall expire 180 days after the termination of this Lease and any renewal thereof.

Section 13. Return of Units upon Expiration of Term. As soon as practicable on or after the expiration of the original or any extended term of this Lease with respect to any Unit but in any event not later than 60 days after such expiration, the Lessee will, at its own cost and expense, at the request of the Lessor, deliver possession of such Unit to the Lessor upon such storage tracks of the Lessee as the Lessee may designate and permit the Lessor to store such Unit on such tracks for a period not exceeding 60 days and transport the same, on a one time basis at any time within such 60 day period, to any connecting carrier for shipment, all as directed by the Lessor, the movement and storage of such Unit to be at the expense and risk of the Lessee. During any such storage period the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any Unit, to inspect the same; provided, however, that the Lessee shall not be liable, except in the case of negligence of the Lessee or of its employees or agents, for any injury to, or the death of, any person exercising, either on behalf of the Lessor or any prospective purchaser, the rights of inspection granted under this sentence. Each Unit returned to the Lessor pursuant to this Section 13 shall (i) be in the same operating order,

repair and condition as when originally delivered to the Lessee, ordinary wear and tear excepted, (ii) meet the standards then in effect under the Interchange Rules of the Association of American Railroads, if applicable, and/or the applicable rules of any governmental agency or other organization with jurisdiction and (iii) have removed therefrom by the Lessee without cost or expense to the Lessor all additions, modifications and improvements which the Lessee owns pursuant to Section 8 hereof. The assembling, delivery, storage and transporting of the Units as hereinbefore provided are of the essence of this Lease, and upon application to any court 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 Units.

All per diem earned in respect of the Units after the end of the term of this Lease shall belong to the Lessor and, if received by the Lessee, shall be promptly turned over to the Lessor. In the event any Unit is not assembled, delivered and stored, as hereinabove provided, within 60 days after the end of the term of this Lease, the Lessee shall, in addition, pay to the Lessor for each day thereafter an amount equal to the daily per diem interchange rate. If, within the 60-day storage period the Lessor has not given the Lessee notice to transport any Unit to a connecting carrier for shipment, the Lessor will pay to the Lessee for storage the per diem rate for such Unit beginning the first day after the 60-day storage period.

§ 14. Income Taxes. It is the intention of the Lessor (which term, for the purposes of this § 14, shall specifically include the Beneficiary who may enforce the indemnity provided in this § 14 directly in its name), as the owner of the Units, to claim such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (the "Code"), and state and local taxing statutes, to an owner of property, including, without limitation, (i) deductions for depreciation of each Unit under Section 167 of the Code and Michigan state and local taxing statutes commencing in the year such Unit becomes subject to this Lease and computed (a) on the basis that each Unit shall be placed in service on the date it becomes subject to this Lease and that each Unit will have a basis under Section 167(g) of the Code and Michigan state and local taxing statutes at least equal to the full Purchase Price thereof and all additional items properly includible in basis under Section 1012 of the Code, (b) using the modified half-year convention for Units that become

subject to this Lease in 1979, and, at the Lessor's election, either the half year convention or the modified half year convention for Units that become subject to this Lease in 1980, (c) with respect to the Reconstruction Cost (as defined in the RCSA) of each Unit, employing initially the declining balance method, using a rate equal to 200% of the straight-line rate, switching, without the consent of the Commissioner of Internal Revenue or any other taxing authority, to the sum of the years-digits method when most beneficial to the Lessor, and, with respect to the Hulk Purchase Price of each Unit, employing initially the declining balance method, using a rate equal to 150% of the straight-line rate, switching, without the consent of the Commissioner of Internal Revenue or any other taxing authority, to the straight-line method when most beneficial to the Lessor, in each case over an asset depreciation period of 12 years, to a net salvage value of zero (the "ADR Deduction"), (ii) current deductions with respect to interest payable under the RCSA when paid or accrued under Section 163 of the Code and Michigan state and local taxing statutes (the "Interest Deduction"), and (iii) the investment credit under Section 38 and related sections of the Code for each Unit in the taxable year of the Lessor in which such Unit becomes subject to this Lease equal to at least 10% of the Reconstruction Cost of such Unit (the "Investment Credit"). The Lessor and the Lessee agree that the only expected use, if any, of each Unit outside the United States is use in Canada or Mexico on a temporary basis which is not expected to exceed a total of 90 days in any taxable year.

The Lessee agrees that neither it nor any corporation controlled by it, in control of it, or under common control with it, directly or indirectly, will at any time take any action or file any returns or other documents inconsistent with the foregoing and that each of such corporations will file such returns, take such actions and execute such documents as may be reasonable and necessary to facilitate accomplishment of the intent hereof.

Notwithstanding anything contained in § 8 hereof, the Lessee represents and warrants that (i) all the Units constitute property the full Reconstruction Cost of which qualifies for the 10% Investment Credit under Section 50 and related sections of the Code; (ii) at the time the Lessor becomes the owner of the ^{HULKS}Units and when the Units become subject to this Lease, the portion of the Units attributable to the Reconstruction Cost thereof will constitute "new section 38 property" within the meaning of Section 48(b) of the Code and at the time the Lessor becomes the owner of the

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Units and when the Units become subject to this Lease, the portion of the Units attributable to the Reconstruction Cost thereof will not have been used by the Lessee or anyone controlled by the Lessee so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (iii) at all times during the term of this Lease, each Unit will constitute "section 38 property" within the meaning of Section 48(a) of the Code and will not be used predominantly outside the United States within the meaning of said Section 48(a); (iv) the Lessee will maintain sufficient records to verify such use; (v) upon request of the Lessor, the Lessee will make available such records in its car record office for inspection; (vi) at the time the Lessor becomes the owner of any Unit and when the Units become subject to this Lease, no investment credit, depreciation or other tax benefits will have been claimed by the Lessee or anyone controlled by the Lessee with respect to the portion of such Unit attributable to the Reconstruction Cost thereof; (vii) the Units are depreciable over an "asset depreciation range" of 12 years; (viii) the basis of each Unit under Section 167(g) of the Code shall be equal to its Purchase Price; (ix) each Unit will be placed in service on the date such Unit becomes subject to this Lease; and (x) the Lessor shall be entitled to treat each item of income, deduction and credit with respect to this Lease as attributable to sources within the United States.

If, as the result of the Lessee's action or failure to take action or its misrepresentation of a material fact, the Lessor shall lose, or shall not have, the right to claim, or shall suffer a disallowance of or shall be required to recapture all or any portion of the ADR Deduction, Interest Deduction or the Investment Credit with respect to all or part of any Unit or if the Lessor, in computing its tax liability for Federal income tax purposes, shall lose, or shall not have, or shall lose the right to claim, or shall suffer a disallowance of or shall be required to recapture any amount of foreign tax credit which would have been allowable to the Lessor if it had not participated in the transactions contemplated by this Lease (any such event being hereinafter called a "Loss"), then the rentals for the Units set forth in § 2 hereof shall, on the next succeeding rental payment date after written notice to the Lessee by the Lessor of such fact, be increased to such amount or amounts as shall, in the reasonable opinion of the Lessor, be required to maintain the Lessor's after-tax rate of return and annual net cash flow

(computed on the same assumptions as utilized by the Lessor in originally entering into this transaction) (hereinafter called the "Net Return") at least the same level as would have been available to the Lessor if such Loss had not occurred, and the Lessee shall forthwith pay to the Lessor as additional rental an amount which, when reduced by all taxes payable in respect of the receipt of such amount taking into account the tax deduction for any interest paid by the Lessor, shall be equal to the amount of any interest and/or penalties which may be assessed against the Lessor attributable to such Loss; provided, however, that such rental rate shall not be so increased and such additional rental shall not be paid if the Lessor shall have lost, or shall not have, or shall have lost the right to claim, or shall have suffered a disallowance of or shall have been required to recapture all or any portion of the ADR Deduction, the Interest Deduction or the Investment Credit with respect to all or part of a Unit solely as a direct result of the occurrence of any of the following events:

(i) a Casualty Occurrence with respect to such Unit, if the Lessee shall have paid or shall pay to the Lessor the amounts stipulated under § 6 hereof;

(ii) a voluntary transfer or other voluntary disposition by the Lessor of any interest in such Unit or the voluntary reduction by the Lessor of its interest in the rentals from such Unit under this Lease (except pursuant to the CSA or to Section 6.01 of the Trust Agreement), unless, in each case, an Event of Default shall have occurred and be continuing;

(iii) the failure of the Lessor to claim in a timely manner the ADR Deduction, the Interest Deduction or the Investment Credit (unless the Lessor shall have received an opinion of its tax counsel to the effect that it is not entitled to claim such ADR Deduction, Interest Deduction or Investment Credit);

(iv) the failure of the Lessor to have sufficient income to benefit from the ADR Deduction or the Interest Deduction or sufficient liability for Federal income tax against which to credit such Investment Credit, as applicable;

(v) a change in law occurring after the commencement of this Lease.

The determination of any foreign tax credit of the Lessor shall be based on the assumption that the Lessor receives credit for all other items available to it before it receives credit for any item indemnified hereunder.

The Lessor agrees that if, in the opinion of its or the Lessee's independent tax counsel (herein referred to as Counsel), a bona fide claim by the Lessor to all or a portion of the ADR Deduction, the Interest Deduction or the Investment Credit on any Unit exists in respect of which the Lessee would otherwise be required to pay to the Lessor pursuant to the immediately preceding paragraph increased rental and additional rental in respect of any interest and/or penalty, the Lessor shall, upon request and at the expense of the Lessee, take all such legal or other appropriate action deemed reasonable by such Counsel in order to sustain such claim; provided, however, that the Lessor shall not be obligated to take any such legal or other appropriate action unless the Lessee shall first have indemnified the Lessor for all liabilities and expenses which may be entailed therein and shall have furnished the Lessor with such reasonable security therefor as may be requested; provided further, however, that the Lessor, at its sole option, may pursue or forego any and all administrative appeals, proceedings, hearings and conferences in respect of such claims, may proceed with such claims in such forum or forums as the Lessor in its sole judgment shall select and shall control any action taken pursuant to this paragraph. The Lessor may, at its option, take such action prior to making payment of any tax and interest and/or penalty attributable to the disallowance or recapture with respect to the Lessor of all or any portion of the ADR Deduction, the Interest Deduction or the Investment Credit on any Unit (hereinafter called a "Tax Payment") or may make such Tax Payment and then sue for a refund. If the Lessor takes such action prior to making such Tax Payment, such increased rental and additional rental need not be paid by the Lessee while such action is pending. In such case, if the final determination shall be adverse to the Lessor, the increased rental shall be computed by the Lessor as of the date of such final determination and the Lessee shall commence payment thereof on the rental payment date next succeeding such final determination and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by all taxes payable in respect of the receipt of such amount, shall be equal to the amount of all interest and penalty paid by the Lessor in respect of such final determination, together

with interest thereon from the date such payment is made by the Lessor to the date the Lessee reimburses the Lessor therefor at the prime rate of The Chase Manhattan Bank (National Association) for large commercial borrowers (the "Prime Rate") in effect on the date of such final determination. If the Lessor makes such Tax Payment and then sues for a refund such increased rental shall commence to be payable by the Lessee on the first rental payment date after such Tax Payment is made and, on or before such rental payment date, the Lessee shall pay to the Lessor as additional rental an amount which, when reduced by all taxes payable in respect of the receipt of such amount taking into account the tax deduction for any interest paid by the Lessor, shall be equal to the amount of all interest and penalty paid by the Lessor included in such Tax Payment. In such case, if the final determination shall be in favor of the Lessor, the rental payable by the Lessee to the Lessor shall be reduced to the rental rate that would have been in effect if such increase had not been made (or such reduction shall be made proportionately if the final determination is partly in favor of and partly adverse to the Lessor) and such reduced rental shall be payable by the Lessee on the rental payment date next succeeding such final determination and thereafter. In addition, the Lessee and the Lessor shall adjust their accounts so that (a) the Lessor pays to the Lessee (x) an amount equal to the increase in rentals theretofore paid by the Lessee to the Lessor (or a proportionate part thereof if the final determination is partly in favor of and partly adverse to the Lessor) on or before such next succeeding rental payment date together with interest thereon at the Prime Rate for the period such increase in rentals was paid to the Lessor to the date the Lessor pays to the Lessee an amount equal to such increase and (y) the amount of any penalty or interest refunded plus any amount paid with respect to the tax due on the receipt by the Lessor of interest and penalty from the Lessee, to the Lessor as a result of such final determination and any interest paid to the Lessor by the government on such refund, promptly upon receipt thereof and (b) the Lessee pays to the Lessor an amount equal to interest at the Prime Rate on the amount of the tax refund made in respect of the Tax Payment (excluding any interest or penalty included therein) for the period from the date of the original payment of the Tax Payment by the Lessor to the date such tax refund is received by the Lessor, the Prime Rate to be calculated in either case as from time to time in effect during the respective periods. For purposes of this provision, the loss or reduction of a claim for refund due to a setoff against the Lessor of an unrelated issue shall be considered as a final determination

in favor of the Lessor. Notwithstanding anything set forth above, the Lessor may elect not to contest any claim which it would otherwise be required to contest pursuant to the foregoing provisions, or to discontinue any proceedings previously commenced as a consequence of such provisions, and thereupon the Lessee shall be relieved of all liability to indemnify the Lessor with respect to the amount of such claim.

In the event and to the extent that any amount in respect of any replacement, improvement and/or addition to any Unit or any expenditure with respect to the transactions contemplated by this Lease by the Lessee or any other person ("Capital Expenditures"), under and pursuant to the terms hereof or otherwise, is required to be included in the gross income of the Lessor for Federal, state or local income tax purposes at any time prior to the time such Unit is disposed of in a taxable transaction, then the Lessee hereby agrees that the rental for such Unit set forth in § 2 hereof shall, on the next succeeding rental payment date following the date on which such inclusion is required, be increased to such amount or amounts as shall, in the reasonable opinion of the Lessor, be required to maintain the Lessor's Net Return in respect of such Unit under this Lease at least the same level that would have been available if such Capital Expenditures had not been treated as income to the Lessor.

In the event that any payment or adjustment is required to be made pursuant to the preceding paragraphs and such payment or adjustment is to be made on succeeding rental payment dates or on or before the next succeeding rental payment date, but at such time this Lease shall have been terminated or rent shall otherwise no longer be due and payable on the remaining rental payment dates, (a) the Lessee shall promptly pay the Lessor an amount, if any, otherwise payable and not theretofore paid by it, equal to the incremental increase in rent which would have been required if the earlier of the final determination and the Tax Payment had occurred immediately prior to the last rental payment date on or prior to the termination of this Lease and (b) each party required to make payment shall promptly pay all amounts otherwise payable and not theretofore paid by it in respect of interest and penalty (and interest thereon) and previously reimbursed increments of rent calculated by reference to the actual applicable dates of final determination, Tax Payment and reimbursements pursuant to the immediately preceding paragraph.

In the event that the Lessee shall pay all or any

portion of any installment of rent under this Lease prior to the date upon which such payment is herein required to be made, the Lessee shall pay to the Lessor an amount which, after deduction of all taxes attributable to the receipt of such amount, shall be equal to the excess of (a) the taxes payable by the Lessor in the year of the receipt of the advance payment of such portion of any installment of rent over (b) the taxes that would have been payable in that year by the Lessor had such installment of rent been paid by the Lessee on the date upon which such payment is required to be made under this Lease.

Whenever it is necessary under this § 16 to compute the amount of any tax liability of the Lessor for purposes of calculating any amounts payable to the Lessor by the Lessee, such computation shall be based on the assumption that such tax is payable at the effective tax rate in respect of such tax applicable to the taxable year to which such tax liability relates.

In the event the rental rates shall be adjusted as hereinbefore provided, the Casualty Values set forth in Schedule B hereto shall be adjusted accordingly.

For purposes of this § 14, the term "Lessor" shall include any member of an affiliated group of which the Beneficiary is, or may become, a member if consolidated, joint or combined returns are filed for such affiliated group for Federal, state or local income tax purposes.

Without limiting the effect of any other provision of this indemnity, if, with respect to any Unit, there is any amendment to, or change in, the Code or any state or local tax law which is enacted or adopted on or prior to the commencement of the term of this Lease with respect to such Unit and if such amendment or change impairs the privilege of the Lessor to file consolidated Federal, state and local income tax returns with corporations affiliated with it, or if such amendment changes the Federal, state or local rate of tax on taxable income of corporations, then the amounts of rentals and the Casualty Values under this Lease will be appropriately adjusted so that the Lessor's net return shall not be more or less than the net return that would have been realized by the Lessor if such amendment or change had not occurred.

The obligations and liabilities of the Lessee arising under this § 14 shall continue in full force and effect,

notwithstanding the expiration or early termination of this Lease, until all such obligations have been met and such liabilities have been paid in full.

Section 15. Recording; Expenses. The Lessee, at its own expense, will cause this Lease, the Transfer Agreement, the RCSA and any assignment hereof or thereof to be filed with the Interstate Commerce Commission, 49 U.S.C. § 11303. The Lessee will undertake the filing, recording and depositing and refile, rerecording and redepositing required of the Lessor under the RCSA and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Lessor or the Vendor for the purpose of proper protection, to their satisfaction, of the Vendor's and the Lessor's respective interests in the Units, or for the purpose of carrying out the intention of this Lease or the assignment hereof to the Vendor, or the RCSA; and the Lessee will promptly furnish to the Vendor and the Lessor evidences of all such filing, registering, recording or depositing, and an opinion or opinions of counsel for the Lessee with respect thereto satisfactory to the Vendor and the Lessor. This Lease, the Assignment, the Transfer Agreement and the RCSA shall be filed and recorded with the Interstate Commerce Commission prior to the delivery and acceptance hereunder of any unit.

Section 16. Interest on Overdue Rentals. Anything to the contrary herein contained notwithstanding, any nonpayment of rentals and other obligations when due hereunder shall result in the obligation on the part of the Lessee promptly to pay also an amount equal to 11.10% per annum of the overdue rentals and other obligations for the period of time during which they are overdue or such lesser amount as may be legally enforceable.

Section 17. Notices. Any instruction or notice required or permitted to be given by either party hereto to the other shall be deemed to have been given when deposited in the United States mails, first-class postage prepaid, addressed as follows:

if to the Lessor, at

P. O. Box 66011
AMF, O'HARE
Chicago, Illinois 60666

Attention of Corporate Trust Officer,

with a copy to the Beneficiary and United States Lease Financing, Inc., at

633 Battery Street
San Francisco, California 94111

Attention of Vice President--Operations,

if to the Lessee, at

3600 West Broad Street
Richmond, Virginia 23230

Attention of L. G. Anderson, Esq.
Vice President and Treasurer,

if to the Vendor, at

P. O. Box 2258
Baltimore, Maryland 21203

Attention of Corporate Trust Department,

or addressed to any such party at such other address as such party shall hereafter furnish to the other party in writing. Copies of each such notice shall be given to the Vendor as hereinabove provided.

Section 18. Effect and Modification of Lease.

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

Section 19. Definitions. Whenever the term

"Lessor" is used in this Lease it shall include the Beneficiary and any assignee and, where the context so requires (including, but not limited to, certain of the provisions of Section 9) shall refer only to the Beneficiary or such assignee. If and so long as this Lease is assigned to the Vendor (or any successor thereto) for collateral purposes, wherever the term "Lessor" is used in this Lease it shall also apply and refer to the Vendor and any successors thereto unless the context shall otherwise require and except that the Vendor shall not be subject to any liabilities or obligations under this Lease; and the fact that the Vendor is specifically named in certain provisions shall not

be construed to mean that the Vendor (and any successors thereto) is not entitled to the benefits of other provisions where only the Lessor is named or where only the Vendor, as the case may be, is named.

Section 20. Execution. This Lease may be executed in several counterparts, such counterparts together constituting but one and the same instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart. Although this Lease is dated as of the date first set forth above for convenience, the actual date or dates of execution hereof by the parties hereto is or are, respectively, the date or dates stated in the acknowledgments hereto annexed.

Section 21. Law Governing; Severability. The terms of this Lease and all rights and obligations hereunder shall be governed by the laws of the State of Illinois; provided, however, that the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

Any provision of this Lease which is prohibited or unenforceable in any jurisdiction, shall be, as to such jurisdiction, ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

Section 22. Immunities; No Recourse. It is expressly understood and agreed by and between the parties hereto, anything herein to the contrary notwithstanding, that each and all the warranties, representations, undertakings and agreements herein made on the part of the Lessor are each and every one of them made and intended not as personal warranties, representations, covenants, undertakings and agreements by Trust Company for USL, Inc., or for the purpose or with the intention of binding said trust company personally, but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Lease is executed and delivered by said trust company, solely in the exercise of the powers expressly conferred upon it as trustee under the Trust Agreement; and except in the case of wilful misconduct or gross negligence, no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said trust company or the Beneficiary or on account of any warranty,

representation, covenant, undertaking or agreement of the Lessor, either express or implied, all such personal liability, if any, being expressly waived and released by the Lessee.

IN WITNESS WHEREOF, the parties hereto, each pursuant to due corporate authority, have caused this instrument to be executed in their respective corporate names by duly authorized officers, and their respective corporate seals to be hereunto affixed and duly attested, all as of the date first above written.

TRUST COMPANY FOR USL, INC.,
not personally but solely as
trustee as aforesaid,

by

J. H. Carroll
Trust Officer

[Corporate Seal]

Attest:

W. J. Suddan

SEABOARD COAST LINE RAILROAD COMPANY,

by

Lionel G. Anderson
Vice President and Treasurer

[Corporate Seal]

Attest:

J. S. Williams
Assistant Secretary



SCHEDULE A

<u>Quantity</u>	AAR <u>Mechanical Designation</u>	<u>Description</u>	Lessee's <u>Road Numbers (Inclusive)</u>
400	LO	77-ton Covered Cement Phosphate Hopper Cars	SCL 203100- 203499

SCHEDULE B

Casualty Value Percentages Schedule

Table 1

<u>Rental Payment Date</u>	<u>Percentage</u>
July 1, 1980	90.081
January 15, 1981	88.434
July 15, 1981	86.327
January 15, 1982	83.500
July 15, 1982	80.479
January 15, 1983	77.446
July 15, 1983	74.188
January 15, 1984	70.710
July 15, 1984	67.010
January 15, 1985	63.094
July 15, 1985	58.961
January 15, 1986	54.620
July 15, 1986	50.064
January 15, 1987	45.309
July 15, 1987	40.342
January 15, 1988	35.185
July 15, 1988	29.821

Table 2

The percentages set forth in Table 1 of this Schedule B have been computed without regard to recapture of the Investment Credit (as defined in § 14 of the Lease to which this Schedule is attached). Consequently, the Casualty Value of any Unit suffering a Casualty Occurrence on or before the third, fifth or seventh Anniversary of the date of delivery and acceptance of such Unit shall be increased by the applicable percentage of the Reconstruction Cost set forth below:

<u>Anniversary of Delivery and Acceptance</u>	<u>Percentage of Reconstruction Cost</u>
Third	18.5185%
Fifth	12.3457%
Seventh	6.1728%

COUNTERPART NO. / OF
6 COUNTERPARTS.

[CS&M 2043-914]

ASSIGNMENT OF LEASE AND AGREEMENT

Dated as of May 1, 1979

between

TRUST COMPANY FOR USL, INC.,
as Trustee

and

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

ASSIGNMENT OF LEASE AND AGREEMENT

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LESSEE'S CONSENT AND AGREEMENT	

ASSIGNMENT OF LEASE AND AGREEMENT dated as of May 1, 1979, by and between TRUST COMPANY FOR USL, INC., an Illinois corporation not in its individual capacity but solely as Trustee under a Trust Agreement dated as of the date hereof (the "Lessor" or the "Vendee") with a certain trust beneficiary (the "Beneficiary"), and MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, a Maryland corporation not in its individual capacity but solely as Agent (the "Vendor"), under a Participation Agreement dated as of the date hereof.

The Vendee and the Vendor have entered into a Reconstruction and Conditional Sale Agreement dated as of the date hereof (the RCSA), with Seaboard Coast Line Railroad Company, in its capacity as builder, providing for the sale to the Vendee of the interest of the Vendor in such units of railroad equipment (the "Units") described in Schedule A thereto as are delivered to and accepted by the Vendee thereunder.

The Lessor and Seaboard Coast Line Railroad Company (the Lessee) have entered into a Lease of Railroad Equipment dated as of the date hereof (the Lease), providing for the leasing by the Lessor to the Lessee of the Units.

In order to provide security for the obligations of the Lessor under the RCSA and as an inducement to the Vendor to invest in the CSA Indebtedness (as that term is defined in the RCSA), the Lessor has agreed to assign for security purposes its rights in, to and under the Lease to the Vendor.

NOW, THEREFORE, in consideration of the premises and of the payments to be made and the covenants hereinafter mentioned to be kept and performed, the parties hereto agree as follows:

1. The Lessor hereby assigns, transfers and sets over unto the Vendor, as collateral security for the payment and performance of the obligations of the Lessor as Vendee under the RCSA, all the Lessor's right, title and interest, powers, privileges, and other benefits under the Lease,

including, without limitation, the immediate right to receive and collect all rentals, profits and other sums payable to or receivable by the Lessor from the Lessee under or pursuant to the provisions of the Lease whether as rent, casualty payment, indemnity, liquidated damages, or otherwise (such moneys being hereinafter called the "Payments"), and the right to make all waivers and agreements, to give all notices, consents and releases, to take all action upon the happening of an Event of Default specified in the Lease, and to do any and all other things whatsoever which the Lessor is or may become entitled to do under the Lease. In furtherance of the foregoing assignment, the Lessor hereby irrevocably authorizes and empowers the Vendor in its own name, or in the name of its nominee, or in the name of the Lessor or as its attorney, to ask, demand, sue for, collect and receive any and all sums to which the Lessor is or may become entitled under the Lease, and to enforce compliance by the Lessee with all the terms and provisions thereof. Notwithstanding the foregoing, the Payments shall not be deemed to include, either before or after an Event of Default shall have occurred and be continuing under the Lease, payments by the Lessee to the Lessor or the Beneficiary pursuant to Sections 5, 8 and 14 of the Lease (except to the extent and in the event of any such payments discharges a corresponding obligation of the Lessor to the Vendor under Articles 5 and 12 of the RCSA); provided, however, that the Vendee shall have no right to exercise any of the remedies under the lease (other than Section 9(a) thereof) to enforce payment of such excluded amounts after an Event of Default shall have occurred and while it shall be continuing, and no payments otherwise excluded from this Assignment pursuant to this sentence may be made to or retained by the Vendee out of the proceeds of the sale or other disposition of the Units unless and until full payment of principal of and interest on the CSA Indebtedness shall have been made.

The Vendor agrees to accept any Payments made by the Lessee for the account of the Lessor pursuant to Section 2 of the Lease. To the extent received, the Vendor will apply such Payments to satisfy the obligations of the Lessor under the RCSA, and to provide for the payments required to be made by the Lessor to the Vendor pursuant to Paragraph 9 of the Participation Agreement under which the Vendor is acting as Agent, and so long as no event of default (or event which, with notice or lapse of time, or both, could constitute an event of default) under the RCSA shall have occurred and be continuing, any balance shall be paid to the

Lessor, or to such other party as the Lessor may direct in writing, by wire transfer of immediately available funds not later than the first business day following receipt of such balance. If the Vendor shall not receive any rental payment under the first paragraph of Section 2 of the Lease when due, the Vendor shall notify the Lessor at the address set forth in the Lease and the Beneficiary at the address set forth in the Participation Agreement; provided, however, that the failure of the Vendor to so notify the Lessor shall not affect the obligations of the Lessor hereunder or under the RCSA.

2. This Assignment is executed only as security and, therefore, the execution and delivery of this Assignment shall not subject the Vendor to, or transfer, or pass, or in any way affect or modify the liability of the Lessor under the Lease, it being understood and agreed that notwithstanding this Assignment or any subsequent assignment, all obligations of the Lessor to the Lessee shall be and remain enforceable by the Lessee, its successors and assigns, against, and only against, the Lessor or persons other than the Vendor.

3. To protect the security afforded by this Assignment the Lessor agrees that, without the written consent of the Vendor, the Lessor will not anticipate the rents under the Lease or waive, excuse, condone, forgive or in any manner release or discharge the Lessee thereunder of or from the obligations, covenants, conditions and agreements to be performed by the Lessee, including, without limitation, the obligation to pay the rents in the manner and at the time and place specified therein or enter into any agreement amending, modifying or terminating the Lease and the Lessor agrees that any amendment, modification or termination thereof without such consent shall be void; provided, however, that the Lessor may amend or supplement the Lease to provide for an increase or decrease of amounts due as rentals under Section 2 thereof and/or Casualty Values under Section 6 thereof provided that no such decrease shall reduce said amounts below that which are necessary to satisfy the obligations of the Lessor under the RCSA, notwithstanding any limitation of liability of the Lessor contained therein.

4. The Lessor does hereby constitute the Vendor the Lessor's true and lawful attorney, irrevocably, with full power (in the name of the Lessor, or otherwise), to ask, require, demand, and receive, any and all Payments due

and to become due under or arising out of the Lease to which the Lessor is or may become entitled, to enforce compliance by the Lessee with all the terms and provisions of the Lease, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which the Vendor may deem to be necessary or advisable in the premises.

5. Upon the full discharge and satisfaction of all the Lessor's obligations under the RCSA and the Participation Agreement, this Assignment and all rights herein assigned to the Vendor shall terminate, and all estate, right, title and interest of the Vendor in and to the Lease shall revert to the Lessor.

6. If an event of default under the RCSA shall occur and be continuing, the Vendor may declare all sums secured hereby immediately due and payable and may apply all such sums against the amounts due and payable under the RCSA.

7. The Lessor will, from time to time, do and perform any other act and will execute, acknowledge, deliver and file, register, deposit and record (and will refile, reregister, rerecord or redeposit whenever required) any and all further instruments required by law or reasonably requested by the Vendor in order to confirm or further assure, the interests of the Vendor hereunder.

8. The Vendor may assign all or any of the rights assigned to it hereby or arising under the Lease, including, without limitation, the right to receive any Payments due or to become due. In the event of any such assignment, any such subsequent or successive assignee or assignees shall, to the extent of such assignment, enjoy all the rights and privileges and be subject to all the obligations of the Vendor hereunder; provided, however, the Vendee and the Lessee shall not be bound to honor such assignment until they have received written notice thereof. Payment to the assignee of any Payments shall constitute full compliance with the terms of this Agreement and the Lease. The Vendee and the Lessee may rely on instruments and documents of assignment which they believe in good faith to be true and authentic.

9. The Lessor will pay and discharge any and all claims, liens, charges or security interests (other than created by the RCSA) on the Lease or the rentals or other payments due or to become due thereunder claimed by any

party from, through or under the Lessor or the Beneficiary, or their successors and assigns (other than the Vendor), not arising out of the transactions contemplated by the RCSA or the Lease (but including tax liens arising out of the receipt of the income and proceeds from the Units) which, if unpaid, might become a claim, lien, charge or security interest on or with respect to the Lease or such rentals or other payments equal or superior to the Vendor's interest therein, unless the Lessor or the Beneficiary shall be contesting the same in good faith by appropriate proceedings in any reasonable manner and the nonpayment thereof does not, in the opinion of the Vendor, adversely affect such interests of the Vendor.

10. This Assignment shall be governed by the laws of the State of Illinois, but the parties shall be entitled to all rights conferred by 49 U.S.C. § 11303.

11. The Lessor shall cause copies of all notices received in connection with the Lease and all payments hereunder to be promptly delivered or made to the Vendor at P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department or at such other address as the Vendor shall designate.

12. The Vendor hereby agrees with the Lessor that the Vendor will not, so long as no Event of Default under the Lease or event of default under the RCSA has occurred and is continuing, exercise or enforce, or seek to exercise or enforce, or avail itself of, any of the rights, powers, privileges, authorizations or benefits which are assigned and transferred by the Lessor to the Vendor by this Assignment, except the right to receive and apply the Payments as provided in Paragraph 1 hereof, and that, subject to the terms of the Lease and the RCSA, the Lessor may, so long as no event of default under the RCSA or Event of Default under the Lease has occurred and is continuing, exercise or enforce, or seek to exercise or enforce or avail itself of, such rights, powers, privileges, authorizations or benefits; provided, however, that the Lessor shall not, and shall not have any authority to, take any action which would terminate the Lease without the prior written consent of the Vendor.

13. Notwithstanding any other provision of this Assignment (including, but not limited to, any provision of the first paragraph of Paragraph 1 and Paragraph 3 hereof), (a) the terms of this Assignment shall not impose any obliga-

tions on the Lessor in addition to the obligations of the Lessor under the Lease or under the RCSA or in any way limit the effect of the last paragraph of Article 3 of the RCSA, Article 22 of the RCSA or Section 21 of the Lease, (b) so long as there is no event of default under the RCSA, and to the extent that the Vendor does not seek to receive and collect any Payments under the Lease in excess of the amounts required to discharge the obligations of the Lessor under the RCSA, the terms of this Assignment shall not limit or in any way affect the Lessor's right to receive and collect any Payments under the Lease in excess of the obligations of the Lessor under the RCSA, or empower the Vendor in any way to waive or release the Lessee's obligation to pay such excess amounts, and the Lessor shall continue to be empowered to ask, demand, sue for, collect and receive any and all of such excess amounts, but shall not take any action under subparagraph (b) of Section 9 of the Lease without the written consent of the Vendor and (c) each and all of the warranties, representations, 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, undertakings and agreements by Trust Company for USL, Inc., or for the purpose or with the intention of binding said company personally but are made and intended for the purpose of binding only the Trust Estate as such term is used in the Trust Agreement, and this Assignment is executed and delivered by the said company solely in the exercise of the powers expressly conferred upon said company as trustee under the Trust Agreement, and that no personal liability or personal responsibility is assumed by or shall at any time be asserted or enforceable against said company, except for wilful misconduct or gross negligence, or against the Beneficiary under the Trust Agreement (except under Sections 1.03 and 5.02 thereof) or on account of any representation, undertaking or agreement of the Lessor or such Beneficiary, either expressed or implied, all such personal liability (except as aforesaid), if any, being expressly waived and released by the Vendor and by all persons claiming by, through or under the Vendor; provided, however, that the Vendor or any person claiming by, through or under it, making claim hereunder, may look to said Trust Estate for satisfaction of the same.

14. This Assignment may be executed in any number of counterparts, all of which together shall constitute a single instrument, but the counterpart delivered to the Vendor shall be deemed to be the original counterpart.

IN WITNESS WHEREOF, the parties hereto have caused this instrument to be executed in their respective corporate

names by officers thereunto duly authorized, and their respective corporate seals to be affixed and duly attested, all as of the date first above written.

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

[Corporate Seal]

by



Assistant Vice President

Attest:



Corporate Trust Officer

TRUST COMPANY FOR USL, INC., not personally but solely as trustee as aforesaid,

by



Trust Officer

[Corporate Seal]

Attest:



Authorized Officer

LESSEE'S CONSENT AND AGREEMENT

The undersigned, SEABOARD COAST LINE RAILROAD COMPANY, a corporation duly incorporated under the laws of the Commonwealth of Virginia, the Lessee (the "Lessee") named in the Lease (the "Lease") referred to in the foregoing Assignment of Lease and Agreement (the "Lease Assignment"), hereby (a) acknowledges receipt of a copy of the Lease Assignment and (b) consents to all the terms and conditions of the Lease Assignment and agrees that:

(1) it will pay all rentals, casualty payments, liquidated damages, indemnities and other moneys provided for in the Lease by wire transfer of immediately available funds to Mercantile-Safe Deposit and Trust Company, not in its individual capacity but solely as Agent (the "Vendor"), the assignee named in the Lease Assignment, P. O. Box 2258, Baltimore, Maryland 21203, Attention of Corporate Trust Department (or at such other address as may be furnished in writing to the undersigned by the Vendor);

(2) the Vendor shall be entitled to the benefits of, and to receive and enforce performance of, all the covenants to be performed by the undersigned under the Lease as though the Vendor were named therein as the Lessor;

(3) the Vendor shall not, by virtue of the Lease Assignment or this Consent and Agreement, be or become subject to any liability or obligation under the Lease or otherwise; and

(4) the Lease shall not, without the prior written consent of the Vendor, be amended, terminated or modified, nor shall any action be taken or omitted by the undersigned, the taking or omission of which might result in an alteration or impairment of the Lease or this Consent and Agreement or of any of the rights created by any thereof.

This Consent and Agreement shall be construed in

accordance with the laws of the State of Illinois.

Dated as of May 1, 1979

SEABOARD COAST LINE RAILROAD
COMPANY,

by *Leonard G. Anderson*
Vice President and Treasurer

[Corporate Seal]

Attest:

J. S. Williams
Assistant Secretary

The foregoing Consent and Agreement is hereby
accepted, as of the 1st day of May 1979.

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

by *Bluhm*
Assistant Vice President

[Corporate Seal]

Attest:

F H Gilman
Corporate Trust Officer

COMMONWEALTH OF VIRGINIA,)
) ss.:
CITY OF RICHMOND,)

On this ^{5th} day of ~~June~~ ^{July} 1979, before me personally appeared LEONARD G. ANDERSON, to me personally known, who, being by me duly sworn, says that he is Vice President and Treasurer of SEABOARD COAST LINE RAILROAD COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation and 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.

J. H. Chapman
Notary Public

[Notarial Seal]

My Commission expires APR 26 1982

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

On this ^{2nd} day of ~~June~~ ^{July} 1979, before me personally appeared ~~E. E. Schreiber~~, to me personally known, who, being by me duly sworn, says that he is an Assistant Vice President of MERCANTILE-SAFE DEPOSIT AND TRUST COMPANY, that one of the seals affixed to the foregoing instrument is the corporate seal of said Corporation, that said instrument was signed and sealed on behalf of said Corporation by authority of its Board of Directors, and he acknowledged that the execution of the foregoing instrument was the free act and deed of said Corporation.

Patricia A. Shilow
Notary Public

[Notarial Seal]

My Commission expires 7-1-82