

No. 7-091A045  
APR 1 1977  
Date  
Fee \$ 5.00  
ICC Washington, D.C.



RECORDATION NO. 8770 Filed & Recorded  
APR 1 1977 - 11 20 AM  
INTERSTATE COMMERCE COMMISSION

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APR 1 11 18 AM '77  
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March 31, 1977

Hon. Robert L. Oswald  
Secretary,  
Interstate Commerce Commission  
Washington, D. C. 20423

RE: Equipment Lease Agreement dated as of March 31, 1977,  
between SSI Rail Corp. and RainierBank Equipment Leasing, Inc.

Dear Sir:

Enclosed for filing with and recording by the Interstate Commerce Commission are eight (8) executed counterparts of an Equipment Lease Agreement dated as of March 31, 1977, between SSI Rail Corp., Two Embarcadero Center, San Francisco, California, 94111, Lessee, and Rainier Bank Equipment Leasing, Inc. P. O. Box C34028, Seattle, Washington, 98124, Lessor, covering the following railroad equipment:

100 70-ton; 50'6", single-sheath Boxcars (AAR Mechanical Designation XM), bearing identifying numbers CIRR 90001 to 90100, both inclusive.

Identifying marks on the foregoing equipment: The words, "Property of and leased from a subsidiary of Rainier National Bank, subject to an Agreement filed under the Interstate Commerce Act, Section 20c", printed on each side of each unit.

The Equipment Lease Agreement is guaranteed by ITEL Corporation, One Embarcadero Center, San Francisco, California, 94111, the parent company of SSI Rail Corp.

Also enclosed is this Company's check in the sum of \$50.00, payable to the Interstate Commerce Commission, being the prescribed fee for filing and recording the foregoing document.

*David M. Stewart*

Mr. Oswald  
March 31, 1977  
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Please return all additional copies of the enclosed counterparts not required by the Interstate Commerce Commission to David Schwartz, Esq., of Sullivan and Worcester, who will be delivering this letter on our behalf.

Very truly yours,



Donald H. Gleason  
Vice President

DHG/gah  
Enclosures

**Interstate Commerce Commission**  
Washington, D.C. 20423

OFFICE OF THE SECRETARY

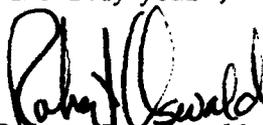
April 1, 1977

Donald H. Gleason  
SSI Rail Corp.  
Two Embarcadero Center  
San Francisco, CA 94111

Dear Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 20(c) of the Interstate Commerce Act, 49 U.S.C. 20(c), on 4-1-77 at 11:20 AM , and assigned recordation number(s) 8770 and 8770-A.

Sincerely yours,

  
Robert L. Oswald  
Secretary

Enclosure(s)

APR 1 1977 - 11 20 AM

EQUIPMENT LEASE AGREEMENT

INTERSTATE COMMERCE COMMISSION

EQUIPMENT LEASE AGREEMENT, dated as of March 31, 1977, between RAINIERBANK EQUIPMENT LEASING, INC., a Washington corporation (the "Lessor"), and SSI RAIL CORP., a Delaware corporation (the "Lessee").

W I T N E S S E T H:

WHEREAS, concurrently herewith the Lessee has assigned to the Lessor its interests under a purchase order with FMC Corporation pursuant to which Lessee was to purchase the railroad equipment described in Schedule A hereto (hereinafter called the "Cars"); and

WHEREAS, Lessee desires to lease the Cars from Lessor, at the rentals and for the terms and upon the conditions hereinafter provided;

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter set forth and intending to be legally bound, Lessor and Lessee hereby agree as follows:

1. Acceptance and Lease of Cars. Lessor hereby agrees to lease the Cars to Lessee and Lessee hereby agrees to

lease the Cars from Lessor, all upon the terms and conditions hereinafter contained. The Lessor will cause the Cars to be delivered to the Lessee at the times and at the point or points specified in Schedule A hereto. Immediately upon such tender, the Lessee will cause an authorized representative of the Lessee to inspect the same, and if such Cars are found to be in good order, to accept delivery of the Cars on behalf of the Lessor and to execute and deliver to the Lessor a Certificate of Acceptance in substantially the form attached hereto as Schedule B, whereupon such Cars will 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. In no event shall the Lessee place in service or otherwise use any Car prior to the Lessee's acceptance of the Cars hereunder.

2. Term. The basic Lease term shall commence on the date specified in Schedule A and shall continue for the period specified as the "term" in such schedule. If such term be extended, the word "term" or "period" as used in this Lease shall be deemed to refer to the extended term, and all provisions of this Lease shall apply during and until the expiration of such extended period, except as may be otherwise specifically provided in this Lease or in any subsequent written agreement of the parties.

3. Rent, Net Lease. The quarterly rent for the Cars shall be in an amount equal to 2.539% of the invoice purchase price of the Cars (the "Purchase Price") and shall be payable in 60 consecutive quarterly installments in arrears, the first such payment to be made on July 15, 1977 (the "First Basic Rent Date") for the period from and including the date upon which the Cars are accepted (the "Basic Term Commencement Date") to and including the First Basic Rent Date.

Anything to the contrary herein notwithstanding, any nonpayment of rentals or other obligations hereunder shall result in the obligation on the part of the Lessee to pay an additional amount equal to 10 percent per annum on the overdue amount for the period of time during which the same is overdue.

This Lease is a net lease and, subject to the terms of Section 21 hereof, the rent and other amounts due hereunder shall not be subject to any defense, claim, reduction, set-off, or adjustment for any reason whatsoever except to the extent expressly provided in Section 9 or in Section 12; nor, except as provided in Section 9 or as otherwise expressly provided herein, shall this Lease terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or damage to or loss or destruction of all or any of the Cars

from whatsoever cause, the taking or requisition of the Cars by condemnation or otherwise, the lawful prohibition of Lessee's use or the use by any sublessee of the Cars; the interference with such use by any private person or corporation, the invalidity or unenforceability or lack of due authorization of this Lease, or lack of right, power or authority of the Lessor to enter into this Lease, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by the Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Lease.

All payments provided for in this Lease to be made to the Lessor shall be made to the Lessor by wire transfer of Federal Funds or otherwise immediately available funds at its address set forth in Section 23 hereof, or at such other place as Lessor or its assigns shall specify in writing.

4. Lessee's Representations and Warranties. Lessee represents and warrants that:

(a) Lessee is a corporation duly organized and existing in good standing under the laws of the State of Delaware and is duly qualified to do business where

Lessee's failure to qualify would adversely affect its ability to perform under this Lease or materially and adversely affect Lessee's financial condition;

(b) This Lease has been duly authorized by all necessary corporate action on the part of Lessee, does not require any shareholder approval and does not contravene Lessee's Certificate of Incorporation or By-Laws or any indenture, credit agreement or other contractual agreement to which Lessee is a party or by which it is bound;

(c) Neither the execution and delivery by Lessee of this Lease nor any of the transactions by Lessee contemplated hereby require any notice to or consent or approval by or filing with any government agency or authority except for the filing, registering or recording of this Lease in conformity with Section 20c of the Interstate Commerce Act;

(d) This Lease constitutes a legal, valid and binding obligation of Lessee enforceable in accordance with its terms, except as the enforcement hereof may be limited by laws relating to bankruptcy, insolvency or creditors' rights generally or by laws or judicial decisions which may affect the enforcement of remedies, but which would not prevent the Lessor from effecting the practical realization of the benefits provided thereby;

(e) There are no pending or threatened actions or proceedings before any court or administrative agency which may materially adversely affect Lessee's financial condition or operations; and

(f) The audited consolidated balance sheet of Lessee as of December 31, 1976 and the related statement of income and retained earnings for the fiscal year then ended (copies of which have been furnished to Lessor) correctly set forth Lessee's consolidated financial condition as of such date and the results of its operations for such period, and since such date there has been no material adverse change in such condition or operations.

5. Conditions Precedent to Lessor's Obligation to Close. The obligations of the Lessor hereunder shall be subject to the satisfaction of the following conditions:

(a) The Cars shall be received by the Lessor from their manufacturer in conformance with the terms of the purchase agreement in connection therewith.

(b) Concurrently with the execution and delivery of this Lease, Itel Corporation, a Delaware corporation and the owner of all of the issued and outstanding capital stock of the Lessee (the "Guarantor") shall have executed a guaranty agreement (the "Guaranty Agreement") in favor of the Lessor in form and substance satisfactory to the Lessor.

(c) The Lessor shall have received from Dan Dominguez, Director of Engineering for the Lessee, or from a person of similar standing and experience a statement: (1) of the fair market value of the Cars at the expiration of the original term of the Lease; (2) of the useful life of the Cars; and (3) that the use of the property at the end of the Lease term by the Lessor or some person, other than the Lessee, who could lease or purchase the property from the Lessor is commercially feasible. Such statement must be in writing and satisfactory, in form and substance to Lessor, in its sole discretion.

(d) Concurrently with the execution and delivery of this Lease, the Lessor shall have received a favorable written opinion of counsel for the Lessee and the Guarantor, in form and substance satisfactory to the Lessor to the effect that (i) the Lessee is a corporation legally incorporated and validly existing in good standing under the laws of its jurisdictions of incorporation with full corporate power to enter into this Lease, (ii) the Guarantor is a corporation legally incorporated and validly existing in good standing under the laws of the jurisdiction of its incorporation with full corporate power to enter into the Guaranty Agreement, (iii) this Lease has been duly authorized, executed and delivered by the Lessee and constitutes a valid, legal and binding agreement of the Lessee enforceable in accordance with its terms, except as the enforcement thereof may be limited by laws relating to bankruptcy, insolvency or creditors' rights generally or by laws or judicial decisions which may affect the enforcement of remedies but which would not, in the opinion of Counsel, prevent the Lessor from effecting practical realization of the benefits provided thereby, (iv) the Guaranty Agreement has been duly authorized, executed and delivered by the Guarantor and constitutes a valid, legal and binding obligation of the Guarantor enforceable in accordance with its terms, except as the enforcement thereof may be limited by laws relating to

7. Identification Marks. The Lessee will cause the Cars to be kept numbered with the identifying numbers set forth in Schedule A and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each such Car, in letters not less than one inch in height, the words "Property of and leased from a subsidiary of Rainier National Bank subject to an agreement filed under the Interstate Commerce Act, Section 20c" or other appropriate words designated by the Lessor, with appropriate changes thereof and additions thereto as from time to time may be required by law in order to protect the title of the Lessor to such Car and its rights under this Lease. The Lessee will not permit any Car to be placed in operation or exercise any control or dominion over the same until such name and words shall have been so marked on both sides thereof and will replace promptly any such name and words which may be removed, defaced or destroyed. The Lessee will not change the identifying number of any Car except with the consent of the Lessor and in accordance with a statement of new identifying numbers to be substituted therefor, which consent and statement previously shall have been filed with the Lessor by the Lessee; provided, however, that in addition to such identifying number, the Lessee may cause to be placed on each Car in such position as not to be confused with the identifying number thereon a reporting number identifying such Car for reporting and operating purposes, which reporting number may be changed by the Lessee from time to time

without the consent of the Lessor or the filing, recording, registering and depositing of any instrument.

Except as above provided, the Lessee will not allow the name of any person, association or corporation to be placed on the Cars as a designation that might be interpreted as a claim of ownership. Subject to the foregoing, the Lessee may cause the Cars to be lettered with the names or initials or other insignia used by the Lessee or any sublessee or their respective affiliates on railroad equipment used by it of the same or similar type for convenience of identification of the right of the Lessee or any sublessee to use the Cars under this Lease.

8. Taxes. The Lessee agrees that, during the continuance of this Lease, in addition to the rentals herein provided, it will promptly pay all taxes, assessments and other governmental charges (together with any penalties, fines or interest thereon), including but not limited to sales or use taxes, levied or assessed upon the Cars or the interest of the Lessee in the Cars subject to this Lease or any portion of such Cars or upon the use, operation of leasing thereof or the rentals or earnings arising therefrom and will promptly pay or reimburse the Lessor for all taxes, assessments and other governmental charges levied or assessed against the Lessor on account of its acquisition of ownership of such Cars or any portion thereof or

on account of the use, operation or leasing thereof or on account of the rentals or earnings arising therefrom (excluding, however (a) any United States Federal income tax payable by the Lessor in consequence of the receipt of payments provided for herein and (b) the aggregate of all state or local taxes measured by net income based on such receipts, up to the amount of any such taxes based on such receipts which would be payable to the state and locality in which the Lessor has its principal place of business without apportionment to any other state, but including 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 and any and all other federal, state or other taxes imposed on the Lessor), including but not limited to any sales or use taxes payable on account of the acquisition or ownership of the Cars or any portion thereof by the Lessor or on account of the leasing of the Cars hereunder; provided, however, the Lessee shall be under no obligation to pay the same so long as it is contesting the validity or amount thereof in good faith and by appropriate legal or administrative proceedings and the nonpayment thereof does not, in the advance reasonable opinion of the Lessor, materially adversely affect the title, property, rights or interests of the Lessor. In the event any tax reports are required to be made on the basis of individual Cars, the Lessee will either make such reports in such manner as to show the ownership of such Cars by the Lessor or will notify the

Lessor of such requirement and will make such report in such manner as shall be satisfactory to the Lessor; provided, however, that if the Lessee is not permitted to make such reports on behalf of the Lessor, it will so notify the Lessor and will furnish to the Lessor information necessary for the Lessor to make such reports with respect to the Cars.

All of the agreements contained in this Section 8 shall survive and continue in full force and effect notwithstanding termination of this Lease or of the lease of any or all Cars hereunder.

9. Casualty Occurrence-Duty of Lessee to Notify Lessor, Payment for Casualty Occurrence and Disposition of Cars. In the event that any Car shall be or become lost, stolen, destroyed or, in the reasonable opinion of the Lessee, irreparably damaged during the term of this Lease, including any renewal term hereunder, or thereafter while the Car or Cars are in the possession of the Lessee (however, the Lessee shall not be deemed to be in possession when it shall have delivered possession of the Cars to Lessor pursuant to Sections 13 or 15 hereof) or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise during the term of this Lease, including any renewal terms hereunder (any such occurrence, except for any requisition which by its terms is for an

indefinite period or is for a stated period which does not exceed the term of this Lease, being hereinafter called a Casualty Occurrence), the Lessee shall promptly and fully (after it has knowledge of such Casualty Occurrence) inform the Lessor in regard thereto.

On the next succeeding rental payment date following the date notice is given by the Lessee of a Casualty Occurrence, the Lessee shall pay to the Lessor the rental payment due on such date for such Car plus an amount equal to the Casualty Value (as defined in Schedule C hereto) of such Cars as of the date of such payment. Upon making such payment in respect of any such Car or Cars, the obligation of the Lessee to pay rent for such item of equipment accruing subsequent to the Casualty Value payment date shall terminate.

The Lessee shall, as agent for the Lessor, dispose of any such Car or Cars having suffered a Casualty Occurrence as soon as it is able to do so for the then applicable value per Association of American Railroads Interchange Rules. Any such disposition shall be on an "as is", "where is" basis without representation or warranty express or implied. As to each separate Car so disposed of, the Lessee may to the extent the casualty value with respect thereto has been paid, retain all amounts arising from such disposition plus any insurance proceeds

and damages received by the Lessee by reason of such Casualty Occurrence up to the Casualty Value attributable thereto and shall remit the excess, if any, to the Lessor. In the event Lessor directly receives the proceeds of any insurance payable as a result of a Casualty Occurrence, the Lessor will, provided the Lessee is not in default under the lease, give Lessee credit for such amounts received in lieu of payment by Lessee of Casualty Value up to the amount of such proceeds that do not exceed the Casualty Value. In the event Lessee has paid such Casualty Value, Lessor shall promptly forward such proceeds to the Lessee up to the Casualty Value so paid. In determining the amounts arising from the disposition of any cars that suffer a Casualty Occurrence, the Lessee shall be allowed to deduct reasonable selling expenses, to be agreed upon by Lessor and Lessee at the time of disposition. In disposing of such item of equipment, the Lessee shall take such action as the Lessor shall reasonably request to terminate any contingent liability which the Lessor might have arising after such disposition from or connected with such item of equipment.

The Lessee shall bear the risk of any Casualty Occurrence and, except as hereinabove in this Section 9 provided, and except as limited in Section 20 hereof with regard to tax indemnification, shall not be released from its obligations hereunder in the event of any Casualty Occurrence to any Car.

10. Insurance. Lessee, at its sole cost and expense, shall at all times during the term of this Lease carry and maintain or cause to be carried or maintained on the Cars insurance with companies acceptable to Lessor and with at least the following kinds and amounts of coverage: (i) "all risk" physical damage insurance in the amounts of \$300,000 per occurrence and \$36,000 per Car with a deductible of no greater than \$1,000; and (ii) contingent bodily injury and property damage liability with underlying coverage of \$500,000 combined single limit and excess of \$4,500,000. Evidence of such coverage shall be delivered to Lessor concurrently with the acceptance by Lessee of the Cars under this Lease. Thereafter, Lessee will deliver to Lessor all certificates of insurance issued in accordance with the terms and conditions as set forth above. Said policies of insurance shall provide that they may not be altered, cancelled, invalidated, rendered unenforceable in whole or in part, or terminated without fifteen (15) days prior written notice to Lessor. In the event that Lessee shall fail to maintain insurance as herein provided Lessor may, at its option, provide such insurance and, in such event, Lessee shall upon demand, reimburse Lessor for the cost thereof. All such insurance shall name Lessor as additional insured and loss payee.

11. Reports. Lessee shall furnish to Lessor: (i) as soon as available but in any event within 120 days after each

fiscal year of Lessee, a copy of its consolidated statement of income and retained earnings for such year and consolidated balance sheet as at the end of such year, in each case setting forth in comparative form the corresponding figures for the preceding fiscal year, all in reasonable detail and certified by independent public accountants; (ii) on or before April 1 in each year commencing with the year 1978, an accurate statement, as of the close of the preceding fiscal year (a) showing the amount, description and numbers of the Cars then leased hereunder, the amount, description and numbers of all Cars that may have suffered a Casualty Occurrence during the preceding fiscal year (or since the date of this Lease, in the case of the first such statement); and such other information regarding the condition and state of repair of the Cars as the Lessor may reasonably request, and (b) stating that, in the case of all Cars repainted during the period covered by such statement, the markings required by Section 7 hereof shall have been preserved or replaced; (iii) copies of any approvals by or documents filed with the Interstate Commerce Commission or any other government agency or department in connection with the subleasing of the Cars; and (iv) such other information relating to the Cars or the financial condition of the Company as the Lessor shall reasonably request.

The Lessor shall have the right (but shall not be obligated), at its sole cost and expense, by its authorized

representatives, to inspect the Cars and the Lessee's records with respect thereto, at such reasonable times as it shall deem necessary to confirm to the Lessor the existence and proper maintenance thereof during the continuance of this Lease. During all such inspections the representatives of the Lessor shall be entitled to the standard of care owed a business invitee and shall be entitled to recover from the Lessee for any injury or damage caused by the negligence or willful misconduct of the Lessee or, to the extent not otherwise covered in full by a sublessee's insurance, of any sublessee.

12. Maintenance: Compliance with Laws and Rules: and Indemnification. THE LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE MERCHANTABILITY, FITNESS FOR ANY PURPOSE, DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF THE MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE CARS DELIVERED TO THE LESSEE HEREUNDER, 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 account of the Lessor and/or the Lessee, as their interests may appear, whatever claims and rights the Lessor may have, as Owner, under any express or implied warranties of any manufacturer or vendor.

The Lessee agrees that, at its own cost and expense, it will maintain and keep each Car which is subject to this Lease in good order and repair, ordinary wear and tear excepted. The Lessee agrees to comply with all governmental laws, regulations, requirements and rules (including when applicable the rules of the Interstate Commerce Commission and the current Interchange Rules, or supplements thereto, of the Association of American Railroads) with respect to the use, maintenance and operation of each Car subject to this Lease, and will maintain each such Car in conformance with the respective standard specifications and requirements of both the Interstate Commerce Commission and the Association of American Railroads. In case any equipment or appliance on any such Car shall be required to be changed or replaced, or in case any additional or other equipment or appliance is required to be installed on such Car in order to comply with such laws, regulations, requirements and rules, the Lessee agrees to make such changes, additions and replacements at its own expense; and the Lessee agrees to maintain such Car in full compliance with such laws, regulations, requirements and rules so long as it is subject to this Lease. Any such changes, additions or replacements shall be considered accessions to the Car or Cars and title thereto shall be immediately vested in Lessor. If in the reasonable opinion of the Lessee it would be uneconomic to bring the Cars into compliance with applicable

governmental laws, regulations, requirements or rules, then with Lessor's prior written consent and approval, which shall not be unreasonably withheld, any such Cars will be deemed to have suffered a Casualty Occurrence and will thereafter be treated and disposed of in accordance with Section 9 of the Lease.

The Lessee shall make no modifications to any Cars without prior written authority and approval from Lessor, which shall not be unreasonably withheld, other than (1) in the course of repair and ordinary maintenance, (2) as required to comply with all governmental laws, regulations, requirements and rules (including, when applicable, the rules of the Interstate Commerce Commission and the current Interchange Rules, or Supplements thereto, of the Association of American Railroads), or (3) except as otherwise allowed in the preceding paragraph.

Any readily removable freight car parts installed or replacements made by the Lessee or any sublessee upon any Car and which are removed at the expiration of the lease term without causing material damage to the Car, which are not required in order to maintain the Cars in good working condition (reasonable wear and tear excepted), and which are not required for the Car to conform with the requirements of the Interstate Commerce

Commission, the Association of American Railroads or the similar governing entities, shall be the property of the Lessee and title thereto shall remain in the Lessee.

If and to the extent the Lessee proposes to make an additional improvement which will not be readily removable and which is not required to comply with all governmental laws, regulations, requirements and rules (including when applicable the rules of the Interstate Commerce Commission and the current interchange rules, or supplements thereto, of the Association of American Railroads) with respect to the use, maintenance and operation of each Car subject to this Lease, or which addition or improvement is not required to maintain and keep the equipment in good order, condition and repair (ordinary wear and tear excepted) suitable for use in interchange, the Lessee shall arrange for the acquisition thereof and the Lessor hereby agrees to purchase or otherwise acquire and lease the same to the Lessee for the remaining term of this Lease upon the terms and conditions herein specified at a rate to be negotiated between the Lessee and the Lessor; provided, however, that (v) the Lessor's obligations shall be limited to the acquisition and lease of, and the Lessee shall in no event propose to make, nonremovable additions in respect of any one Car which in the aggregate have a cost greater than twenty (20%) percent of the invoice cost of such Car; (w) the rent at which nonremovable additions are leased shall be

in an amount equal to that which Lessor demonstrates, in good faith, to be comparable to rates of return then being earned by Lessor on similar transactions at that time; (x) the Lessor's obligation with respect to nonremovable additions shall be subject to such reasonable financing and closing requirements with respect thereto as the Lessor may deem necessary; (y) the Lessor's obligation with respect to nonremovable additions shall also be subject to Lessor's review and approval, in good faith, of the then existing financial condition of the Lessee and Intel Corporation; and (z) in no event shall Lessor be obligated to finance nonremovable additions if doing so would violate any governmental laws or regulations, including without limitation, any limits placed on financing which can be extended to any one corporation, or a related group of corporations, by a national bank and its subsidiaries; and to the extent that any of the conditions set forth in clauses (v), (w), (x), (y) or (z) are not so satisfied, the Lessor shall have no obligation with respect to the financing of nonremovable additions.

The Lessee agrees to indemnify and save harmless the Lessor against any charge or claim made against the Lessor, and against any expense or liability (including but not limited to reasonable counsel fees and expenses and patent liabilities) which the Lessor may incur in any manner by reason of its ownership of, or which may arise in any manner out of or as a result

of the use or operation of, any Car while it is subject to this Lease, and to indemnify and save harmless the Lessor against any claim or suit arising out of the operation of such Car resulting in damage to property or injury to any person.

13. Return of Cars Upon Expiration of Term. As soon as practicable upon the expiration of the original term of this Lease, or, if extended, the expiration of such extended term, with respect to any Car or Cars still subject to the terms of this Lease, and in all events within ninety (90) days of such expiration, the Lessee will, at its own cost and expense, cause possession of such Car to be delivered to the Lessor upon any storage tracks within 500 miles of the present rail lines of the Chattahoochee Industrial Railroad as the Lessor may designate, or such other place as the parties may mutually agree, or, in the absence of such designation or agreement, as the Lessee may select and permit the Lessor to store such Cars on such tracks for a period not exceeding ninety (90) days from the date each Car, or Cars, is delivered to the Lessor for storage. Lessee shall continue to pay rental on a daily basis from the end of the original term of this Lease or any extended term thereof to the date each Car is returned to Lessor for storage. Lessee agrees to deliver the Cars to Lessor free of all advertising or insignia placed thereon by Lessee or sublessees except insignia indicating that Lessor is the owner thereof. The movement and storage of such cars is to be at the expense and risk of the Lessee, and the

Lessee will continue to maintain the insurance required by Section 10 hereof during such period of storage. During any such storage period, the Lessee will permit the Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser of any such Car, to inspect, at its sole cost and expense, the same. During all such inspections the representatives of the Lessor shall be entitled to the standard of care owed a business invitee and shall be entitled to recover from the Lessee for any injury or damage caused by the negligence or willful misconduct of the Lessee or, to the extent not otherwise covered in full by a sublessee's insurance, of any sublessee. The assembling, delivery and storage of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction in the premises the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to assemble, deliver and store the Cars.

Without in any way limiting the obligation of the Lessee under the foregoing provisions of this Section 13, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any time while the Lessee is obligated to deliver possession of any Car to the Lessor, to the extent allowed by applicable law and regulations, to demand and take possession of such Car in the

name and on behalf of the Lessee from whosoever shall be at the time in possession of such Car.

14. Default and Remedies. If during the continuance of this Lease, one or more of the following events (hereinafter sometimes called "Events of Default") shall occur:

(a) default shall be made in the payment of any part of the rental provided in Section 3 hereof and such default shall continue for 10 days and Itel Corporation shall fail to pay the same within said period of time; or

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

(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 and such default shall continue for 30 days after written notice from the Lessor to the Lessee specifying the default and demanding the same to be remedied; or

(d) any representation or warranty made by the Lessee herein or in any statement or certificate furnished to the Lessor or its assigns pursuant to or in connection with this Lease proves untrue in any material respect as of the date of issuance or making thereof; or

(e) a decree or order by a court having jurisdiction in the premises shall have been entered adjudging the Lessee or the Guarantor a bankrupt or insolvent, or approving as properly filed a petition seeking reorganization of the Lessee or the Guarantor under the Federal bankruptcy laws, or any similar applicable Federal or State law, and such decree or order shall have continued undischarged or unstayed for a period of 60 days; or a decree or order of court having jurisdiction in the premises for the appointment

of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of the Lessee or the Guarantor or a substantial part of either of their property, or for the winding up or liquidation of either of their affairs, shall have remained in force undischarged or unstayed for a period of 60 days; or

(f) the Lessee or the Guarantor shall institute proceedings to be adjudicated a voluntary bankrupt, or shall consent to the filing of a bankruptcy proceeding against it, or shall file a petition or answer or consent seeking reorganization under the federal bankruptcy laws, or any other similar applicable Federal or State law, or shall consent to the filing of any such petition, or shall consent to the appointment of a receiver or liquidator or trustee or assignee in bankruptcy or insolvency of it or of a substantial part of its property, or shall make an assignment for the benefit of creditors, or shall admit in writing its inability to pay its debts generally as they become due, or corporate action shall be taken by the Lessee or the Guarantor in furtherance of any of the foregoing action

then, in any such case, the Lessor, at its option, may:

(i) 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, including reasonable attorneys' fees, for the breach thereof; and in addition by written notice to any sublessee authorized by Section 16 hereof that an event of default has occurred and is continuing under the Lease, require that all rent payable by the Sublessee to Lessee shall be paid directly to Lessor; or

(ii) by notice in writing to the Lessee, terminate this Lease, whereupon all right of the Lessee to the use of the Equipment shall absolutely cease and terminate as though this Lease had never been made, but the Lessee shall remain liable as hereinafter provided; and thereupon, the Lessor may by its agents enter upon the premises of the Lessee or other premises (to the extent permitted by law), where any of the Equipment may be located and take possession of all or any of such Equipment and thenceforth hold, possess and enjoy the same free from any right of the Lessee, or its successors or assigns, to use the Equipment for any purpose whatever,

but the Lessor shall, nevertheless, have a right to recover from the Lessee any and all amounts which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by a fraction of which the numerator is such accrued number of days in such full rental period and the denominator is the total number of days in such full rental period) and also to recover forthwith from the Lessee (i) as damages for loss of the bargain and not as a penalty, whichever of the following sums, with respect to each Item of Equipment then subject to this Lease, the Lessor, in its sole discretion, shall specify by written notice to the Lessee: (x) an amount equal to the excess, if any, of the Casualty Value for such Item, computed as of the rental payment date immediately preceding the Event of Default specified in such notice, over the present value of the rental which the Lessor obtains, or could obtain, in an arms-length transaction for such Item for the remainder of the term of this Lease after discounting such rental quarterly to present value as of such preceding rental payment date at the rate of 5% per annum or (y) an amount equal to the excess, if any, of the Casualty Value for such Item as of such preceding rental payment date over the value which Lessor obtains, or could obtain, in an arms-length transaction in disposing of the Cars in a reasonable manner or (z) a sum, with respect to each Item of Equipment, which represents the excess of the present worth, at the time of such termination, of all rentals for such Item which would otherwise have accrued hereunder from the date of such termination to the end of the term of this Lease over the then present worth of the then fair rental value of such Item for such period computed by discounting from the end of such term to the date of such termination rentals which the Lessor obtains, or could obtain, in an arms-length transaction for the use of the Item during such period, such present worth to be computed in each case on a basis of a 5.0% per annum discount, compounded quarterly from the respective dates upon which rentals would have been payable hereunder had this Lease not been terminated, and (ii) any consequential damages and expenses including reasonable attorney's fees, in addition thereto which the Lessor shall have sustained by reason of the breach of any covenant or covenants of this Lease.

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 any and all existing or future claims to any offset against the rental payment due hereunder, and agrees to make the rental payments regardless of any offset or claim which may be asserted by Lessee or on its behalf in connection with the Lease of the Cars.

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

15. Return of Cars upon Default. If the Lessor shall terminate this Lease pursuant to Section 14 hereof, the Lessee, and any Sublessee authorized by Section 16 hereof (upon written notice from Lessor that an event of default has occurred and is continuing under the Lease, that Lessor has elected to terminate the Lease and that the Cars are to be returned to Lessor), shall forthwith deliver possession of the Cars to the Lessor. For the purpose of delivering possession of any Cars to the Lessor as

above required, the Lessee and Sublessee, if any, shall at Lessee's cost, expense and risk (except as hereinafter stated):

(a) Forthwith place or cause to be placed, such Cars in such reasonable storage place within five hundred (500) miles of the present rail lines of the Chattahoochee Industrial Railroad as Lessor may designate, or in the absence of such designation as the Lessee may select;

(b) Continue to pay for Lessor to store such Cars in such reasonable storage place, including without limitation, insurance, rent and storage charges, until such cars have been sold, leased or otherwise disposed of by Lessor, and during such period of storage the Lessee shall continue to maintain the insurance required by Section 10 hereto; and

(c) Cause the Cars to be transported to any place on the lines of the railroad where the Cars are being stored or to any connecting carrier for shipment, all as the Lessor may direct in writing.

The delivery and storage of the Cars as hereinbefore provided are of the essence of this Lease, and upon application to any court of equity having jurisdiction on the premises, the Lessor shall be entitled to a decree against the Lessee requiring specific performance of the covenants of the Lessee so to deliver and store the equipment.

Without in any way limiting the obligations of the Lessee under the foregoing provisions of this Section 15, the Lessee hereby irrevocably appoints the Lessor as the agent and attorney of the Lessee, with full power and authority, at any

time while the Lessee is obligated to deliver possession of any items of equipment to Lessor, to the extent permitted by applicable law and regulations; to demand and take possession of such item in the name and on behalf of the Lessee from whosoever shall be at the time in possession of such item.

16. 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.

If no Event of Default (or other event which with the giving of notice or the lapse of time or both would become an Event of Default) shall have occurred and be continuing, the Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Lease and shall be entitled to sublease (but not assign) its leasehold interest under this Lease in the Cars or any of them; provided, however, that the rights of such sublessee are made expressly subordinate to the rights and remedies of the Lessor under this Lease and that such sublessee shall make no further assignment, sublease or transfer of the Cars or any of them except for the use of the Cars upon connecting and other carriers in the usual interchange of traffic; and provided further that any such Sublease shall provide: (i)

that the Sublessee's rights are subject and subordinate to the rights of Lessor; and (ii) that upon written notice to such Sublessee from Lessor that an event of default under the Lease has occurred and is continuing, the Lessor may require that all rent payable by Sublessee to Lessee shall be paid directly to Lessor and/or that the Cars be returned to Lessor under the terms and conditions stated in Section 15 hereof. No such permitted sublease shall relieve the Lessee of any liability or obligation hereunder which shall be and remain that of a principal and not a surety. The Lessee, at its own expense, will promptly cause to be duly discharged any lien, charge, security interest or other encumbrance (other than an encumbrance resulting from claims against the Lessor not related to the ownership of the Cars) which may at any time be imposed on or with respect to any Car including any accession thereto or the interests of the Lessor or the Lessee therein unless such lien shall be the result of the negligence or wrongful act of the Lessor. 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 Cars, except to the extent permitted by the provisions of this paragraph.

In the event of any such sublease to a railroad subject to the Interstate Commerce Act, the Lessee expressly undertakes to cause the sublessee to take such actions, secure such approvals

and file such documents as shall be necessary and desirable under such Act to fully protect the interests of the Lessor and the Lessee in the Cars.

Nothing in this Section 16 shall be deemed to restrict the right of the Lessee to assign or transfer its Leasehold interest under this Lease and the Cars or possession of the Cars 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 property of the Lessee as an entirety or substantially as an entirety; provided, such corporation is a direct or indirect subsidiary of ITEL Corporation.

17. Further Assurances. The Lessee will, at its expense, from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record and deposit (and will re-file, re-register, re-record or re-deposit whenever required) any and all instruments required by law or reasonably requested by the Lessor, for the purpose of proper protection, to the satisfaction of the Lessor, of its title to the Cars, or for the purpose of carrying out the intention of this Lease.

The Lessor shall have the right, at anytime during the term of this Lease, to appoint a bank or trust company selected by it to act as agent or trustee for it hereunder.

18. Lessor's Right to Perform and Payments by Lessee.

If Lessee fails to make at the agreed time any payments required by this Lease or fails to discharge any of its other obligations contained herein, Lessor may, but shall not be required to, make such payments or discharge such obligations. The amount of any such payment and Lessor's expenses, including without limitation reasonable legal fees and expenses, in connection therewith and with such performance shall be payable by Lessee promptly upon notice from Lessor that such amount is due.

Any provision herein that Lessee shall take any action shall required Lessee to do so at its sole cost and expense. Lessee shall pay Lessor interest at the rate of 10% per annum (to the extent lawful) from the date it is required to make any payment of rent or other amount hereunder to Lessor to the date such payment is made.

19. Renewal, and Appraisal. Provided that the Lessee is not in default hereunder, Lessee shall be entitled at its option, upon written notice to Lessor at least 150 days prior to the expiration of the original term or extended terms, if applicable,

of this Lease, to elect to extend the term of this Lease in respect of all of the then existing Cars then covered by this Lease on an annual basis at the then fair rental value.

In the event the Lessee does not elect to extend the primary term of this Lease or any extended term hereof in accordance with the provisions of this Section 19, then Lessee shall have a right of first refusal in the event Lessor elects to sell the equipment at the end of the original Lease term or any applicable extension thereof.

The "fair rental value" of such Cars shall be determined by an appraiser selected by mutual agreement between the Lessor and the Lessee. Unless the Lessee has given the Lessor 150 days' written notice as required in connection with exercise of the foregoing option, the Cars shall be returned to the Lessor at the end of the original term.

20. Federal Income Taxes - Intended Benefits, Indemnification. The Lessor, as the owner of the Cars, shall be entitled to such deductions, credits and other benefits as are provided by the Internal Revenue Code of 1954, as amended to the date hereof (hereinafter called the "Code"), to an owner of property, including, without limitation, (i) the maximum depreciation deduction with respect to the Cars authorized under

Section 167 of the Code based on the aggregate Purchase Price of the Cars utilizing the Asset Depreciation Range lower limit of 12 years as provided in Asset Guideline Class No. 00.25 in accordance with Section 167 (m) of the Code employing the double declining balance method of depreciation, switching to the sum-of-the-years-digits method when most beneficial to the Lessor and taking into account an estimated gross salvage value of 20% of the Purchase Price of the Cars which will be reduced by 10% of the Purchase Price as provided in Section 167 (f) of the Code (such depreciation deduction being hereinafter called the "ADR Deduction"); (ii) an investment credit equal to 10% of the Purchase Price of the Cars accepted by the Lessee in 1977 (hereinafter called the "Investment Credit") with respect to the aggregate Purchase Price of the Cars pursuant to Section 38 and related sections of the Code; and (iii) all amounts includible in gross income by the Lessor with respect to the Lease will be treated as income derived from or allocable to sources within the United States.

The Lessee represents and warrants that (i) no portion of the Cars constitutes property, the construction, reconstruction or erection of which was begun before April 1, 1971; (ii) at the time the Lessor becomes the owner of the Cars, the entire purchase price of the Cars will qualify as "new Section 38 property" within the meaning of Section 48(b) of the Code; (iii) at

the time the Lessor becomes the owner of the Cars, the Cars will not have been used by any person so as to preclude "the original use of such property" within the meaning of Sections 48(b) and 167(c)(2) of the Code from commencing with the Lessor; (iv) at the time the Lessor becomes the owner of the Cars, no investment credit, depreciation or other tax benefits will have been claimed by any person with respect thereto; (v) at all times during the term of the Lease, the Cars will constitute "Section 38 property" within the meaning of Section 48(a) of the Code in effect on the date the Equipment is placed in service; (vi) at the time the Lessor becomes the owner of the Cars, the Cars will be depreciable by the Lessor over a period which is at least as short as 12 years; and (vii) the Cars will not be used predominantly outside the United States within the meaning of said Section 48(a)(2).

If there shall be a disallowance, elimination, recomputation, reduction, recapture or disqualification in whole or in part, or such Investment Credit or ADR Deduction, or if there shall be a determination that any amount includible in gross income by the Lessor with respect to the Lease is not to be treated as income derived from or allocable to sources within the United States (all of the foregoing hereinafter called "Loss"), the Lessee shall, after written request of the Lessor pay to the Lessor additional rent to compensate the Lessor for the unavailability or denial of intended tax benefits as determined by the

Lessor. Such additional rent shall be an amount which, after deduction of federal and state, city and local income taxes, interest and penalties (after giving credit for any savings in respect of any such taxes, penalties and interest by reason of deductions, credits or allowances in respect of the payment of any other such taxes arising out of this transaction) required to be paid by the Lessor with respect to the receipt of such additional rent will, in the reasonable opinion of the Lessor, cause the Lessor's net yield in respect of such Cars to equal the net yield that the Lessor would have received if the Lessor had not suffered a Loss with respect to the Investment Credit or the ADR Deduction or the requirement to recognize income with respect to this Lease as not being derived from or allocable to sources within the United States. Such additional rent shall be paid commencing with the first periodic rental payment due after the Lessor notified the Lessee of the required additional rent. In the event any additional rent is required to be paid pursuant to this Section 20, the Casualty Values set forth in Schedule C hereto shall be revised as necessary to preserve the net after-tax return on the Lessor's investment in the Cars as provided hereinabove.

Notwithstanding the provisions of the immediately preceding paragraph of this Section 20, the Lessee shall not be required to make any payment on account of any Loss with respect to any Car due solely to the following events:

(a) A Casualty Occurrence with respect to any Car, whereby the Lessee is required by the terms hereof to pay, and shall pay in full, the appropriate Casualty Value, provided, however, that the indemnities set forth in this Section 20 shall continue in effect, notwithstanding such payment of Casualty Value, with respect to the period prior to the date of payment of said Casualty Value;

(b) At any time while such Car is leased hereunder, and while no Event of Default under this Lease has occurred and is continuing unremedied (without the written consent of the Lessor), the Lessor shall voluntarily or (except in a case constituting a Casualty Occurrence) involuntarily transfer its interest in such Car to anyone or shall otherwise dispose of any interest in the Car or shall reduce its interest in the profits from the Car, and such transfer, disposal or reduction by the Lessor shall be the cause of the Loss of the Investment Credit or ADR Deduction;

(c) The failure to properly claim the Investment Credit or the ADR Deduction in the tax returns filed by Lessor or the affiliated group of which it is a member of or the failure to follow the proper procedure in claiming the same, and such failure to claim or to follow such procedure, as the case may be, shall preclude the Lessor from claiming the Investment Credit or ADR

Deduction;

(d) The failure of the Lessor to have any federal income tax liability against which to apply the Investment Credit or the inability of Lessor or the affiliated group of which it is a member to utilize the Investment Credit as a result of the limitation imposed by Section 46(a)(2) of the Code;

(e) Any other act solely of the Lessor which directly causes the loss of all or part of the investment credit or the ADR deduction; provided, however, that the execution and delivery of this Lease and the other documents herein referred to in the carrying out of the transactions contemplated herein and therein in accordance with the terms of this Lease and such other documents shall not be deemed to have caused the Loss of such Investment Credit or the ADR Deduction under this subparagraph (e).

In the event the Internal Revenue Service proposes an adjustment on a United States corporation income tax return of the Lessor or the affiliated group of which it is a member which adjustment, if successful, could result in a Loss in whole or in part of Investment Credit or ADR Deduction or a Loss due to the inclusion of income with respect to this Lease as not being derived from or allocable to sources within the United States, for which Lessee would be required to indemnify the Lessor

pursuant to this Section 20, the Lessor hereby agrees to exercise in good faith its best efforts, determined by Lessor, in its sole discretion to be reasonable and proper and not requiring administrative or judicial proceedings beyond the level of an Internal Revenue Service examining agent, to avoid requiring Lessee to pay such indemnity. The Lessor shall advise the Lessee, in writing, of any such proposed adjustment as promptly as possible and shall take no action with respect thereto until 30 days after the date of such notice, except that the Lessor shall take any and all action necessary to preserve its rights to contest such adjustment during said 30 day period. The Lessor shall permit the Lessee to participate in any discussions with the Internal Revenue Service concerning such proposed adjustment and, at the request of the Lessee and at Lessee's sole expense, the Lessor shall seek Technical Advice from the Internal Revenue Service National Office with respect to such proposed adjustment through such counsel or Certified Public Accountants as Lessor may choose. The Lessor shall notify the Lessee of any proposed settlement or other disposition of the proposed adjustment and, to the extent possible, take no action with respect thereto until 30 days from the date of such notice.

The Lessor's obligations (other than Lessor's obligation to notify the Lessee of the proposed adjustment, under the preceding paragraph) are conditioned upon the Lessee having first

(a) agreed to indemnify the Lessor in a manner satisfactory to the Lessor for any liability or loss which the Lessor may incur as a result of contesting such adjustment and (b) agreed to pay the Lessor on demand all costs and expenses which the Lessor may incur as a result of contesting such adjustment including without limitation (i) reasonable attorneys', accountants', engineers' and like professional fees and disbursements, and (ii) in the event that the Lessor shall elect to contest the adjustment by paying the tax claimed and then seeking a refund thereof, an amount equal to 10% per annum interest on the amount of such tax computed from the date of payment of such tax to the date of final determination of such adjustment, such amount to be payable in equal installments within each calendar year on the dates on which rent for such period is payable. Upon receipt by the Lessor of a refund of any tax paid by it in respect of which Lessee has paid an amount equal to interest at the rate of 10% while such tax payment was contested by the Lessor, any interest on such refund paid to the Lessor by the United States Government shall be paid to Lessee forthwith upon receipt by the Lessor.

The Lessee's agreement to pay any sums which may become payable pursuant to this Section 20 shall survive the expiration or other termination of this Agreement.

21. Quiet Enjoyment. The Lessor hereby covenants and agrees that, so long as no Event of Default has occurred and is continuing hereunder, it will not interfere with the Lessee's right of quiet enjoyment to the Cars and the Lessee shall be free to use the Cars without any interference whatsoever pursuant to the terms and provisions of this Lease; provided, however, that the Lessor may inspect the Cars as hereinabove set forth.

22. Renegotiation Act. Lessee represents and warrants that each Car will not be used in connection with the performance of any prime government contract, or subcontract or purchase order thereunder, with respect to which the provisions of the Renegotiation Act of 1951, as amended (the "Act"), are applicable, unless the Lessee shall give notice of such use to the Lessor within thirty (30) days after the commencement of such use or at the date of the commencement of this Lease, whichever shall first occur. If the Car is used in connection with the performance of any prime government contract or subcontract or purchase order thereunder, with respect to which the provisions of the Act are applicable, Lessee hereby agrees to furnish to Lessor, on or before March 1 of each year, all information required to ascertain and determine the extent to which the Car was used, and the percentage of the total use of the Car, as between renegotiable and non-renegotiable contracts during the preceding calendar year. To the extent that the Car is used in connection with the

performance of any prime government contract, or subcontract or purchase order thereunder, with respect to which the provisions of the Act are applicable, then, if the profits derived by Lessor from the portion of the rent payable hereunder allocable to the use of the Car on renegotiable contracts shall be determined to be excessive, pursuant to the provisions of the Act, the rent payable hereunder allocable to the use of the Car on non-renegotiable contracts shall be increased by an amount equal to the amount of any excessive profits required to be withheld from Lessor or required to be repaid by Lessor based on the portion of the rent allocable to the use of the Car on renegotiable contracts. The rent payable hereunder shall be allocable to renegotiable and non-renegotiable contracts based on the respective percentages of use of the Car on renegotiable and non-renegotiable contracts.

23. Notices. Any 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 mail, first-class certified mail, postage prepaid or, in the event of telegraphic notice, when delivered to the telegraphic office, charges prepaid, addressed as follows:

If to the Lessor:

RainierBank Equipment Leasing Inc.  
P.O. Box C34028  
Seattle, Washington 98124

If to the Lessee:

SSI Rail Corp.  
Two Embarcadero Center  
San Francisco, California 94111

or addressed to either party at such other address as such party shall hereafter furnish to the other party in writing.

24. Law Governing. This Lease shall be deemed to be a contract under the laws of the State of Washington and shall be governed by and construed in accordance with the laws of such jurisdiction.

25. Miscellaneous. If this Lease or any provision hereof shall be deemed invalid, illegal, or unenforceable in any respect or in any jurisdiction, the validity, legality, and enforceability of this Lease in other respects and other jurisdictions shall not in any way be impaired or affected thereby.

The section headings in this Lease are for convenience or reference only and shall not be considered to be a part of this Lease.

This Lease may be executed in as many counterparts as may be deemed necessary and convenient, by the different parties hereto on separate counterparts, each of which, when so executed,

shall be deemed an original, and all such counterparts shall constitute but one and the same instrument.

This Lease (including Schedules A, B and C), the purchase order assignments, and the Letter Agreement between the Lessor and the Lessee dated March 31, 1977, as to changes in Investment Tax Credit, contain the entire understanding of Lessor and Lessee with regard to the Lease of the Cars hereunder.

*ASL* **DUB**

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorize officers and their respective corporate seals to be hereunto affixed and duly attested, as of the date first above written.

RAINIERBANK EQUIPMENT LEASING, INC.

By \_\_\_\_\_  
David I. Williams  
Vice-President and Manager

(Corporate Seal)

Attest:

SSI RAIL CORP.

By \_\_\_\_\_  
Title \_\_\_\_\_

(Corporate Seal)

Attest:

*all*  
*DIG*

constitute but one and the same instrument.

This Lease (including Schedules A, B and C) and the purchase order assignments contain the entire understanding of Lessor and Lessee with regard to the Lease of the Cars hereunder.

IN WITNESS WHEREOF, the Lessor and the Lessee, each pursuant to due corporate authority, have caused these presents to be signed in their respective corporate names by duly authorized officers and their respective corporate sales to be hereunto affixed and duly attested, as of the date first above written.

(Corporate Seal)

RAINIERBANK EQUIPMENT LEASING, INC.

Attest:

*Benneth J. Clark*

By:

*David I. Williams*  
David I. Williams  
Vice President and Manager

(Corporate Seal)

SSI RAIL CORP.

Attest:

*[Scribbled signature]*

By:

*Donald H. Gleason*  
Donald H. Gleason  
Vice President



STATE OF WASHINGTON )  
COUNTY OF KING ) ss.

On this 31<sup>st</sup> day of March, 1977, before me personally appeared David I. Williams, to me personally know, whom, being by me duly sworn, says that he is Vice-President and Manager of RainierBank Equipment Leasing, Inc. that one of the seals affixed to the foregoing instrument is the corporate seal of the said corporation and that the said instrument was signed and sealed on behalf of said corporation by authority of its Board of Directors and he acknowledged that the execution of the foregoing instrument was the free act and deed of said corporation.

My commission expires: Aug 12, 1977

Lillian J. Culler  
Notary Public

[Notarial Seal]

SCHEDULE "A"

RainierBank Equipment Leasing, Inc.  
1100 Second Avenue  
P.O. C34028  
Seattle, Washington 98124

EQUIPMENT LEASE SCHEDULE

1. DESCRIPTION OF EQUIPMENT: 100 50'-6" Single Sheath<sup>X17</sup> Box Cars with 10" Freightmaster End-of-Car Cushioning, Nailable Steel Flooring, Single 10' Sliding Door, Plate "C", bearing identifying numbers CIRR 90001 through CIRR 90100 both inclusive.
2. TERM: The Term shall commence on the date the Cars are delivered to, and accepted by, the Lessee, on or before April 15, 1977, and shall end 15 years after April 15, 1977.

APPROVED AND AGREED TO this 31<sup>ST</sup> day of MARCH, 1977, as SCHEDULE "A" to and a part of the Equipment Lease Agreement dated as of March 31, 1977.

RainierBank Equipment  
Leasing, Inc., Lessor

By [Signature]  
Title [Signature]

SSI RAIL CORP., Lessee

By [Signature]  
Title VICE PRESIDENT

S C H E D U L E " B "

Certificate of Acceptance Under Equipment Lease

Certificate of Acceptance No. \_\_\_\_\_, dated this  
\_\_\_\_\_ day of \_\_\_\_\_, 1977, with regard to Lease between  
RainierBank Equipment Leasing, Inc., and SSI Rail Corp.

This Certificate of Acceptance is executed pursuant to  
an Equipment Lease Agreement dated as of March 31, 1977, between  
RainierBank Equipment Leasing, Inc., and SSI Rail Corp. (the  
"Lease"). The terms used herein which are defined in the Lease  
shall have the meaning given to such terms in the Lease.

The Lessee does hereby confirm that the cars set forth  
below have been delivered as of the above date, that such cars  
have been accepted on behalf of Lessor by its duly appointed and  
authorized representatives, and that the Lease with respect to  
such cars shall commence as of such date.

Type of Equipment:

Manufacturer:

Place Accepted:

Number of Items/Serial Nos.:

Lessee confirms that such cars have been examined by duly appointed and authorized representatives of Lessee and such examination shows that (1) the cars are in good order and condition and conform to the specifications applicable thereto, and (2) that at the time of delivery to the Lessee there was plainly, distinctly, permanently and conspicuously marked upon each side of each car the following legend in letters not less than one (1") inch in height:

Property of and Leased from a Subsidiary of  
Rainier National Bank, subject to an Agree-  
ment filed under the Interstate Commerce Act,  
Section 20(c).

Lessee confirms that on the aforesaid date of delivery (i) such cars were duly accepted by Lessee as cars for leasing under the Lease, (ii) such cars became subject to and governed by the terms of the Lease, and (iii) Lessee became obligated to pay to Lessor the rentals provided for in the Lease with respect to such cars.

Approved and Agreed to this \_\_\_\_\_ day of \_\_\_\_\_,  
1977, as a Schedule to and a part of the Lease.

SSI RAIL CORP., Lessee and  
Agent for Lessor

By \_\_\_\_\_  
Title \_\_\_\_\_

SCHEDULE "C"

CASUALTY LOSS VALUE TABLE

<u>Casualty Occurrence</u>		<u>Casualty Value</u>	<u>Casualty Value</u>
<u>After</u>	<u>Before</u>	<u>Due on Date of</u>	<u>As a % of Purchase Price</u>
<u>Payment</u>	<u>Payment</u>	<u>Rental Payment</u>	
		<u>Number</u>	
0	1	1	101.44667
1	2	2	101.84229
2	3	3	102.18788
3	4	4	102.48343
4	5	5	102.72894
5	6	6	102.92441
6	7	7	103.06984
7	8	8	103.16524
8	9	9	103.21059
9	10	10	103.20590
10	11	11	103.15118
11	12	12	103.04641
12	13	13	96.48134
13	14	14	96.27650
14	15	15	96.02162
15	16	16	95.71670
16	17	17	95.36174
17	18	18	94.95674
18	19	19	94.50170
19	20	20	93.99663
20	21	21	87.03126
21	22	22	86.42611
22	23	23	85.77091
23	24	24	85.06568
24	25	25	84.31041
25	26	26	83.50510
26	27	27	82.64975
27	28	28	81.74436
28	29	29	74.37868
29	30	30	73.37321
30	31	31	72.31770
31	32	32	71.21216
32	33	33	70.05657
33	34	34	68.85095
34	35	35	67.59529
35	36	36	66.28958
36	37	37	64.93384
37	38	38	63.52806

<u>Casualty Occurrence</u>		<u>Casualty Value</u>	<u>Casualty Value</u>
<u>After</u>	<u>Before</u>	<u>Due on Date of</u>	<u>As a % of Purchase Price</u>
<u>Payment</u>	<u>Payment</u>	<u>Rental Payment</u>	
		<u>Number</u>	
		39	62.07224
38	39	40	60.56638
39	40	41	59.01049
40	41	42	57.40455
41	42	43	55.74857
42	43	44	54.04256
43	44	45	52.28650
44	45	46	50.48041
45	46	47	48.62428
46	47	48	46.71811
47	48	49	44.76190
48	49	50	42.75565
49	50	51	40.69936
50	51	52	38.59303
51	52	53	36.43666
52	53	54	34.23026
53	54	55	31.97381
54	55	56	29.66733
55	56	57	27.31080
56	57	58	24.90424
57	58	59	22.44764
58	59	60	20.00000
59	60		